No. 29,946

Business summary

Thursday June 5 1986

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Gandhi assassin

World news .

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Widow of French of Valéo leads raid

Sikh militants led by the widow of VALEO: Italian industrialist Carlo one of Indira Gandhi's assassins De Benedetti looks set to win manslashed to death a volunteer guard and injured many others in Amritsar during a rampage through the Sikhs' boliest shrine, the Golden

Temple.
About 200 militants occupied the temple for 15 minutes before security forces stormed into the shrine to restore order, arresting nearly 150

people.

The violence marred a day when Prime Minister Rajiv Gandhi made a breakthrough in his attempt to restore peace to the Punjab with the resignation of a hardline Hindu minister. Earlier story, Page 4

Part-timers backed

European Court of Justice has ruled that part-time workers in the European Community have the same right to work and live in other member states as people in fulltime jobs. Page 3

Heroin haul

Dutch police said they had made Europe's biggest beroin seizure after finding more than a fifth of a

Governor resigns

Prime Minister Shimon Peres accepted the resignation of Bank of Israel governor Moshe Mandelbaum, who was forced to quit over a 1983 Tel Aviv stock exchange crash.

Grip tightens

Shia Moslems tightened a ring of steel around embattled Palestinian camps after crushing a rival Leba-nese faction in west Beirut's heaviest street fighting for six months.

ANC members shot

Two members of the African National Congress and a third unidentified person were shot dead near Swaziland's capital, Mbabane.

Margaret Thatcher, UK Prime Min-

Tax cuts backed

ister, attacked critics advocating higher public spending instead of

Build-up defended

President Reagan, increasing pressure on Congress to continue to pay for his five-year military build-up, said the US had a moral duty to support fully its armed forces.

Tamils blast dam

Tamil separatist guerrillas blew up a dam to cover their retreat after attacking a strategic army base near the Jaffna Peninsula in northern

Waldheim 'vindicated'

A spokesman for Dr Kurt Waldheim, the leading candidate in Austria's presidential election on Sunday, said Dr. Waldheim had been 'vindicated" following a statement by an Israeli minister that there was not enough evidence to substantiate allegations that he had actively participated in war crimes.

Leader quits

Ulf Adelsohn, leader of Sweden's opposition Conservative Party, resigned, saying be was not really suited to the job. Page 3

Meetings blocked

Police blocked a series of meetings called by the Nigerian Labour Congress to protest against police killings of students, and at least 10 NLC officials were detained.

Donors by law

Belgian parliament voted 145-31 for a new law under which all dead people will be considered transplant donors unless they bave officially indicated to the contrary.

near deal on control

De Benedetti looks set to win man-agement control of the leading French car components group, but Paris will try to limit his stake to 20 per cent. Page 18

TOKYO: Issues rallied to new peaks, and the Nikkei average hit a record 16,802.75, up 133.21. Page 42 WALL STREET: At 3pm the Dow Jones industrial average was 11.71 lower at 1,858.72. Page 42

LONDON: Equities rose despite fresh fund-raising operations, and gilts managed to advance. The FT Ordinary share index edged 0.2 higher to 1,320.6 while the FT-SE 100 was 0.8 down at 1,601.4. Page 42

DOLLAR rose in London to DM 2.2789 (DM 2.2749), SFr 1.8845 (SFr 1.8790) and FFr 7.2525 (FFr 7.24), but fell to Y171.35 (Y171.55). On Bank of England figures the dol-lar's index was unchanged at 117.3.

STERLING fell in London to close at \$1.4835. It also fell to DM 3.38 (DM 3.395), FFr 10.76 (FFr 10.8125), SFr 2.7950 (SFr 2.8050) and Y254.25 (Y256.25). The pound's exchange rate index fell 0.4 to 75.7, Page 35 tonne of the drug, with a street value of \$20m, in the port of Rotter-GOLD fell \$0.75 to \$341 on the London bullion market. It also fell in Zurich to \$340.85 from \$342.35.

Page 34 UNITED Breweries, Danish produc-er of Carlsberg and Tuborg lagers, said first-half sales revenues were up 12 per cent, mainly from acquisitions, and operating profits were ahead. Page 19

COMPUTERLAND founder William H. Millard plans to sell his 96 per cent stake in the computer retail franchise company. Page 19

WELLA, West German hair-care group, which has a large foreign sales base, reports a fall of almost 10 per cent in net profits for the first quarter of 1986 to DM 33.3m (S14.6m). Page 19

NORSK HYDRO, Norwegian industrial and energy group, is understood to be considering a counter-bid for Saga Petroleum, Norwegian independent oil company recently involved in merger talks with Eff Aquitaine Norge, offshoot of the French concern. Page 19

MAN COMMERCIAL Vehicles West Germany's second-largest beavy truck producer, and Volkswagen, the car group, have renegotiated their medium-truck joint venture which has so far failed to live up to expectations. Page 19

BIOGEN and Genentech, US West Coast biotechnology companies have both received clearance to sell their respective versions of interfer on - the anti-cancer agent - in the US. Page 19

HUNGARY faces extra losses of up to \$340m in exports to the West this year because of falling oil and gas prices. Page 2

BANK of Israel governor Moshe Mandelbaum resigned after a state commission blamed him and others

for the 1983 Tel Aviv stock exchange crash.

TOSHIBA, Japanese consumer electronics group, blamed a 31 per cent fall in consolidated net profits to Y59.44bn (\$346m) on a recession in the semiconductor business and the yen's rise. Page 22

EXXON, the leading US oil group, said 6,209 of its 49,500 US employ ees had agreed to leave under a voluntary resignation scheme announced on April 22. Page 19

US STEEL and Armco, two of the biggest American steelmakers, are combine their loss-making oilfield supply and service operations, producing a single unit with annual sales of close to \$1bn. Page 19

Australia survey

We regret that the article on the economy in today's survey on Australia has appeared in an incomplete form as a result of production difficulties. A corrected version of the complete article is on page 12 of today's issue

Pretoria's ban on all meetings fuels fears over Soweto

BY PATTI WALDMEIR IN JOHANNESBURG

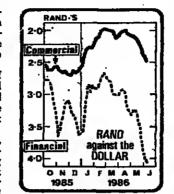
THE SOUTH AFRICAN Government yesterday imposed a total ban on public meetings to commemo-rate the 10th anniversary on June 16 of the riots in the black township

The ban raises the prospect of clashes between security forces and anti-apartheid groups which had planned mass protests to mark the most important date on the black political calendar.

South Africa's financial rand, meanwhile, fell to a new low on foreign exchange markets, reflecting declining investor confidence. It dropped below 24 US cents, a 42 per cent discount on the commercial

The ban on meetings took effect immediately and will remain in force until June 30. It was condemned yesterday by anti-apartheid activists, who predicted that violent confrontations could result. Anti-apartheid groups have called for mass demonstrations, including a one-day general strike, to mark the death of 575 blacks at the bands of police after a black schoolchildren's up rising in the township near Joannesburg in 1976.

Mr Louis Le Grange, the Minister freedom charter on Jone 28 1955. for Law and Order, appeared to have taken the surprise step because of delays in enacting tough



new security laws in time for the anniversary.

The centrepiece of the planned campaign of strikes, demonstrations and commemorative rallies was to ahve been a mass protest gathering at Soweto's Jabulani stadium expected to draw tens of thou-

Under the ban, no indoor gathering, apparently including church services, can be beld to mark either the Soweto uprising or the anniver-sary of the adoption of the so-called

apartheid South Africa, has been endorsed by the banned African National Congress and the multiracial United Discocratic Front.

Micheael Holman writes: The seven-member Commonwealth "eminent persons group" met yesterday in London to prepare its report on efforts to initiate talks between blacks and whites in South Africa. The group had before them a letter sent in the past week by the South African Government thought to of fer a conditional release for the detained ANC leader, Mr Nelson Mandela, and inviting the group back to South Africa for further discus-

Commonwealth officials would not comment on the suggestion that the letter was seeking an assurance that police action to curb demon-strations in the wake of Mr Mandela's release would not be used as grounds for economic sanctions.

Should their report, due to be discussed by Commonwealth leaders at a mini-summit in London early in August, advise against further negotiations with Pretoria, the summit is expected to consider new economic measures against South Afri-

Investor fears, Page 4; Editorial

Airbus faces challenge from new Boeing 737

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

The 737-400 will have a longer fuselage than the highly successful its best-selling jet, the 737 twin-engined short-range airliner, in a move which will intensify its battle in world markets with Airbus 10-20.

the rew aircraft - the Series 400 of the jets from Piedmont, a US domestic airline. Piedmont has taken options on a further 30 aircraft which, if converted to firm orders, would bring the value of the deal to

30m, but spares are also included

for the airliner markets of the next decade. Both aircraft will enter serdustrie of Western Europe. decade, Both air vice in late 1988.

The 737-400 will cost an estimated was announced yesterday when the 550m to develop, against \$1.5bn to company won a \$750m order for 25 \$2bn for the A-320. Boeing stressed that the 737-400

was not a panic measure to meet Airbus A-320 competition but was simed at meeting the needs of those airlines which already used the 737 but wanted a bigger aircraft. It was The price of a 737-400 is about for airlines that did not want to commit themselves to the A-320, in the Piedmont deal. Further preferring to wait until the more 737-400 orders are under negotia-tion in the US and Western Europe. advanced technology Boeing 7J7 tion in the US and Western Europe. prop-fan airliner arrives in 1992.

form of power-plant that gives up to 40 per cent better fuel consumption over existing jet engines. It is now under development in various forms by General Electric, Pratt & Whitney and Allison in the US and Rolls-Royce in the UK.

Apart from airlines seeking auother version of the 737 before the arrival of the prop-fan 7J7, Boeing believes many existing 737 users will want to go on operating the smaller, cheaper aircraft.

As a result, Boeing foresees an eventual market for several bun-dred 737-400s. With more than 1,600 firm orders for 737s in all versions to date, the aircraft could eventually become the world's best-selling

Continued on Page 18

Moscow claims **US** stand threatens summit

By Patrick Cockburn in Moscow

THE SOVIET UNION said vesterday that a US decision to stop complying with the Salt-2 arms limitation treaty later this year put in doubt the usefulness of a summit meeting of the superpower leaders and the present US-Soviet arms talks in Geneva.

In the toughest Soviet response yet to President Ronald Reagan's threat to cease to abide by the unratified Salt-2 treaty of 1979 Mr Alexander Bessmertnykh, the So-viet Deputy Foreign Minister, said at a press conference: "In practice the US does everything possible to undermine the prospects of a sum-

He said the Salt-1 and Salt-2 agreements were the underlying platform for the present talks on strategic and intermediate nuclear arms and space weapons in Gen-eva. The platform is now being blown up." Mr Bessmertnykh said.

Existing limitations on nuclear arms agreed in the 1970s provided the framework for the negotiations in Geneva, Mr Bessmertnykh said. Once these were discarded there would be great practical difficulties in reaching agreement on any of the three interconnected topics under discussion.

He also said the US desire to discard existing arms agreements made it difficult for the Soviet Union to take seriously US intentions to reach agreement on nuclear arms limitation at Geneva.

The tone of yesterday's press con-

ference and comments by other So-viet leaders indicates that the So-viet Union believes that if the US exceeds the Salt limits no serious talks on nuclear arms limitation or other topics are possible while President Reagan is in the White House.

Mr Bessmertnykh and Marshal Sergei Akhromeyev both gave de-tailed denials of US claims that the Soviet Union had violated existing strategic arms limitation agree-ments in three main areas. These • The SS-25 missile. Marshal Akhromeyev denled that the Soviet Union had developed two new inter-

continectal strategic missiles instead of the one allowed by Selt-2. He said the SS-25 was designated by the Soviets the RS-12M and "This is a modernisation of our RS-12 missiles." He charged the US with exaggerating the differences between the two missiles and said the Soviet Union had provided the US with detailed designs of the SS-25 to prove it did not violate Salt-2

Growth key to exchange rates, says Volcker

MR PAUL VOLCKER, the Federal Reserve board chairman, said yesterday that faster economic growth in some of the US's key trading partners could help to stabilise in ternational exchange rates.
In comments which echo in part

remarks by Mr James Baker, Treasury Secretary, earlier this week, Mr Volcker said: "I yield to none in may feeling about the desirability of stable exchange rales. The question is bow you get there."
He added: "I certainly think that

when one looks at the overall eco-nomic context... it would be helpful in terms of the inbalances which are very large to see a relatively faster rate of growth in other ele-ments of the industrialised world." He added: 'That could be a contribution towards stability in exchange rates without putting the whole burden of adjustment on the

exchange rate system itself. Central bankers from leading industrial countries emphasised the importance they attach to trying to achieve greater stability in the exhange markets.

But the officials at the International Monetary Conference in Bos-too made clear that they do not feel that the time is ripe to try to move to some system of "target zones" for exchange rates as a way to try to

achieve this goal.

Mr Karl Otto Pöhl, the Bundesbank president, said: "We all agree more stability is desirable after the

substantial adjustment we have seen and aimed for. The question is how to get more stability

Mr Volcker left no doubt that he believed that West Germany and Japan could do more to improve their economic performance by lowering their interest rates. Asked where he saw scope for declines in international interest rates, Mr Volcker said that countries which were in balance of payments sur-plus, with low inflation, high unemployment and an appreciating currency could lead the way to lower

Mr Pöhl, however, has made clear this week he does not feel that West Germany can lower its interest rates now or that additional measures to stimulate demand in an expanding German economy are

One central banker, commenting on the discussions among officials, said that several had been worried by US pressure to expand their economies. In particular, he suggested, there was unease at the way Mr Baker had tried to exert that pressure by suggesting that if America's trading partners did not grow faster, then they would have to accept further dollar devaluation as the mechanism through which the US trade deficit would be re-

Continued on Page 18 Money markets, Page 35

Bonn achieves record monthly trade surplus

plus it has ever achieved in one year earlier to DM 39.9bn.

The massive trade and current account surpluses announced by the Federal Statistics Office in Lower Saxony on June 15 and the eneral election now less than eight months away.

However, in international terms, they do little to support Bonn's assertion that West Germany is doing its share, by boosting home demand and increasing imports, to reduce a surplus second only to that of Japan The coding of signals between Soviet missiles being tested and thus improve the balance of the global economy.

The record trade surplus stems of the mark.

Continued on Page 18 from an 11 per cent leap in exports,

WEST GERMANY yesterday re-ported a trade surplus of DM 10bn 49.9bn. Imports, on the other hand, (\$4.4bn) for April - the largest sur-climbed by only 1.1 per cent from a

April's performance means that the accumulated surplus for the first four mooths jumped to DM 32.2bn against DM 19.1bn between Wiesbaden will undoubtedly be beld up by the Government as further pect a full-year surplus of anything proof of the economy's robust up to DM 100bn compared with the health, ahead of state elections in previous record of DM 73.6bn in Lower Saxony on June 15 and the 1965.

> cludes services and transfers, is also beading for unprecedented lev-els. In April alone, the surplus was DM 8.5ba, almost double the DM 4.7bn in the same month of 1985. In the first four months, it virtually trebled to DM 24.6bn - suggesting that forecasts of a record DM 60bn for 1986 as a whole may not be wide

Continued on Page 18

£686m UK stores takeover

BY LIONEL BARBER AND CLIVE WOLMAN IN LONDON

THE DEE Corporation of Britain when the stockbroking firm Rowe yesterday announced that it is to and Pitman, which is placing the resterney amountee that it is to and rithial, which is placing its acquire the Fine Fare and Shoppers deal, approached the company's Paradise supermarket chains from largest shareholders. At least two Associated British Foods for £586m. City of London institutions, the The deal will make Dee the UK's Prudential Assurance Company third largest food retailer through and M & G Investment Manage-

Carrefour stores. financed by raising £350m (\$519m) for 75 per cent of the newly issued of equity through a vendor placing shares.

of shares, the UK's largest vendor

Under the original terms, their placing and the company's third in rights would have been limited to 25 19 months. The terms of the share per cent. issue have led to a fierce dispute be-

Vendor placings, by which some which financial conglomerates may shares are sold to outside investors, offer to buy an entire issue of new have aroused controversy because shares and sell them on to outside they usually dilute the stakes of ex-

the investment committee of the fell and S.G. Warburg, objected to National Association of Pension the alteration in the terms. They Funds (NAPF), said last night: We said it treated existing sharehol-have not liked the cavalier way in ders too favourably because they which Dee has been treating its will be able to assess the likely suc-The dispute erupted on Tuesday whether to exercise their rights.

its Gateway, International and ment objected strongly, forcing a revision in the terms to give exist-The acquisition is to be partially ing shareholders the right to apply

Under the original terms, their Mr Paddy Linacre, M & G's matween institutional investors about naging director, explained that the the rights of a company's shareholissue was assuming particular im-ders to participate in fresh financ-ings. issue was assuming particular im-portance with the deregulation of the stock market in October after

Two other institutions however. isting shareholders. Two other institutions however, Mr John McLachlan, chairman of the merchant banks Morgan Grencess of the issue before deciding

The controversy over vendor placings has been simmering for some time. The NAPF and other investment institutions objected earlier this year to stock exchange proposals to relax some of the rules on

the size of vendor placings.

The issue has been particularly sensitive in the case of Dee and the way the company bas financed its recent expansion. In November 1984 it increased its share capital by 55 per cent through a vendor placing to raise £180m needed to buy International Stores.

Three months ago it raised a further £278m through a second ven-dor placing which increased share capital by a further 34 per cent to purchase Herman Sporting Goods, the US retail group.
When the Fine Fare deal is com-

pleted, more than half of Dee's total shares will have been issued through vendor placings. The plac-ing is being underwritten by Lazard Brothers and Swiss Bank Corporation International, one of the first occasions a European bank has entered the lucrative London underwriting market.

Lex, Page 18; Analysis, Page 26

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EUROPEAN NEWS

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Soviets redraw danger zone around Chernobyl N-plant

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION has found some patches of serious contamination outside the 30 kilometre zone around the Chernobyl nuclear reac-tor site, while some places closer to the disaster site are clean and evac-

Immediately after the accident, people and animals were evacuated from the 30 km zone but the Communist Party daily Pravda yester-day quoted a senior local official as saying the danger zone had now been re-defined.

Clean areas inside the 30 km

zone were discovered and at the same time dirty patches beyond its boundaries – by detailed studies of radiation levels – Mr Alexander Petrov, the deputy chairman of the council of ministers of the Republic of Belorussia, immediately to the north of Chernobyl, told Pravda.

As a result, Mr Petrov said, "People could return to certain places,

and from others it was necessary to move them even further away. The varying degree of contamination to the north of Chernobyl in the Ukraine is primarily the result of wind direction at the time of the disaster on April 26.



da makes clear that the evacuation zone has been refined and not expanded as stated in newsagency reports yesterday which were later

He did say, however, that the Belorussian authorities had felt it necessary to evacuate 60,000 children from the dangerous zone in Gomel province, immediately to the north of Chernobyl, in the oorth Ukraine. said. Local officials tried to inform people through local press, radio and television.

youth camps.
Their parents have been instructed not to use vegetables and fruit

from their private plots. Local authorities are supplying all food-stuffs and checking what local food supplies should be buried and what can be industrially processed. Some wells have been closed and others are being thoroughly cleansed.

The Pravda article gives the impression that the Belorussian authorities were quicker and more thorough in dealing with the prob-lem than those in the Ukraine where the Chernobyl reactor is located. The local minister of health said everybody close to the disaster had been tested for radiation sickness but no casualties had been de-

He added that the organisation of new food supplies to replace those possibly contaminated was very complicated. At first, many economic bosses and ordinary citizens showed a lack of concern and ele mentary medical illiteracy," he

BY RUPERT CORNWELL IN BONN

tricipated, at the Bonn cabinet table, and in its newest and hottest seat—that of the country's first-ever fully fledged Minister for the Environ-for mayor of Frankfurt. Sensation-

As such, it may prove to be one of the wiser moves made by the acci-dent-prone Chancellor Helmut Kohl of late. Not only is Mr Wallmann close to Mr Koh! he has also long been recognised as one of the brightest of a new generation of Christian Democrat politicians, as well

Mr Wallmann has been in Bonn before. After training as a lawyer,

and an early career as a court judge in his adopted state of Hesse, he entered local CDU politics and was elected to the state parliament in Wieshaden in 1966. Six years on, he entered the Bundestag (the lower house of Parliament). His initial impact was modest, but between 1974 and 1975 he achieved celebrity by heading the parliamentary commit-tee investigating the Guillaume spy case, which caused Mr Willy Brandt

ally, he overturned a solid Social Democrat (SPD) majority, and five years later proved it was no fluke by winning again, with 54 per cent of the vote. Today, he is also head of the state CDU, aiming to expel the present "Red-Green" coalition from power in Wiesbaden at the next election there, in 1987.

His record in Frankfurt is not en-tirely without blemish. He has run a tight conservative (and conserva-tionist) ship, and belped the city shed a little of its old image as a dull and ugly banking centre, enliv-ened only by left-wing demonstra-

of the 600,000 population.

That, though, will be for his likely successor as Mayor, Mr Wolfram Brück, to sort out. Mr Wallmann has a far bigger challenge ahead: one which, if well met, will not only help in the battle ahead for Wies-baden, but could unlock still higher doors in Bonn, too:

Admission by Israeli Falling oil minister claimed to 'vindicate' Waldheim

BY PATRICK BLUM IN VIENNA

DR KURT WALDHEIM, the leading candidate in Austria's presidential election on Sunday, has been "viodicated" following a statement yesterday hy an Israeli minister that there was not enough evidence to support allegations that he had actively participated in war crimes, it was claimed here

The former United Nations Secretary General has been at the centre of an international the centre of an international controversy following allega-tions, which he has always denied, that he was implicated in Nazi atrocities in the Balkans during the war.

Last month, Mr Yitzhak Modai, the Israeli Justice Minister, said that a report prepared by his ministry showed that Dr Waldheim was sbowed that Dr Waldheim was connected, if only Indirectly, to Nazi atrocities. Yesterday, bowever. Mr Modai said there was oo evidence to show that he had participated directly in atrocities, but that there was enough evideoce under Israell

dismissed suggestions that Pr Waldheim could have been an

accessory to war crimes.

Dr Waldheim has a lead of 6-8 percentage points over his Socialist rival in the election on Sunday.

on Sunday.

Mr Modai said yesterday that
he would present his report to
a full cahinet meeting before
the end of the week and that
Israel would continue its invesisrael would continue its investigations abroad ioto Dr Waldheim's past.

AP adds from Athens: The Greek Justice Mioister. Mr Apostolos Kaklamanls, said Dr Waldheim's name was not on an official Greek register of war criminals but he admitted that the regords were in-

that the records were in-Justice Mioistry officials found oo mention of his name Mioistry

in a list of 5,000 people accused of war crimes committed dur-ing the 1941-44 Nazi occupation. He said an unspecified number

oo evidence to show that he had participated directly in atrocities, hut that there was enough evideoce under Israell law to bring charges against Dr Waldhelm as an accessory to war crimes if he were io Israel. A spokesman for Dr Waldhelm said yesterday: "We have always said this. Notbing shows that there is anything to hack up these allegations." He also

prices hit Hungary

Court

and the f

HUNGARY, which is experi-HUNGARY, which is experi-encing sharp economic reces-sion, faces extra losses of up to \$340m in exports to the West this year because of falling oil and gas prices.

and gas prices.

The national oit and gas organisation said it expected a loss in sales to the West this year of \$140m. Preliminary estimates put chemical industry losses in hard currency exports at \$100m-\$200m. Hungary sold Forints 16.6bo (£240m) worth of oil products to Western markets last year, accounting for 4 per cent of total exports. It had planned a \$400m surplus in hard currency trade this year but had a deficit of \$270m in the first quarter.

In Czechoslovakia, a senior official said economic perform-of the year was ET SH CM-ance was unsatisfactory in the first four mooths of the year. Mr Josef Kemroy, a member of the Communist party presidium said stocks of unsold goods had risen by Koruna 6.8bn (£755m) in the first quarter. This was greater than the increase in national income (corresponding to GNP minos services).

"Things are being produced which are useless," he said, and more than 20 per cent of factories were not fulfilling the

The rest often fulfilled and over-fulfilled line plao targets only quantitively with a high consumption of materials. In spite of speeches made before, during and after the recent party congress, be noted. "We are not managing to shift the economy from extensive to intensive forms of management."

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Kohl calls his Frankfurt lieutenant to the colours

NO ONE had much doubt that Wal- as a generally competent big city ter Wallmann was on his way back to Bonn: except that most people thought it would be after (and if) his Christian Democrat (CDU) party won the general election set for January 25, But the ways of Chern-obyl in current West German poli-tics are strange to behold.

tics are strange to behold.

Thanks to the havoc wrought by the Soviet disaster upon both the nerves of the populace at large and the Government's presentation of its nuclear safety policy, the 53-year-old mayor of Frankfurt has arrived eight months earlier than anticipated, at the Bonn cabinet table, and in its negreet and better seat of

His record in Frankfurt is not en

Mr Wallmann has reopened the handsome old opera house as a cultural and congress hall; begun a clean-up of the notorious central station district riddled with sex shops, prostitutes and drugs; and pushed oo with the restoration of the Römer district in the historic heart of Frankfurt. But he has also turned one of Germany's wealthiest cities into its most indebted, to the time of DM 5,500 (\$2,423) per head

in the direction of liberalising a change, without baving to walt the price of petrol. The rigidity of the system for setting the price of petroleum products and the restrictions on filling stations are the subject of protests by the oil companies. The price of petrol in Italy The price of petrol in Italy tions are the subject of protests by the oil companies. The price of petrol in Italy is based on a formula related to the average of prices in other EEC countries. Until now, oil companies could not adjust the price until the Government's inter-ministerial prices commit-The new system, which will be in force until the end of June 1987 is a very modest change. But it has already aroused protests from the federation of filling station operators. tee authorised a change, in line with the formula. Frequently increases were held up for political reasons. They helieve it is only the first step towards the total liberalisation of petrol prices and the removal of many of the

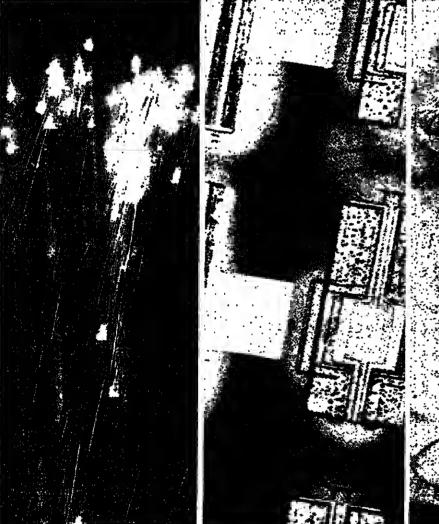
Italy eases controls on

TTALY HAS taken a small step indicates that there should he

the price of petrol

From now on, however, oil restrictions on the opening companies will be able to adjust hours and location of filling the price when the formula

Communication is not simply sending a message...it is creating true understanding—swiftly, clearly and precisely.



Hitachi's wide-ranging technologies in communication (from left to right): optical fibers, optical IC, advanced telephone exchange systems. and satellite communication.



"I know he's trying to tell me something: but what does he really mean?" In our world of proliferating technologies and new terminology, this kind of question is asked a lot. Here is what we are doing about it.

Hitachi's scientists and technicians' longterm goal is to break the language barrier. They are diligently at work today on an array of projects that will vastly improve the communications of tomorrow.

For example, we've made tremendous progress on a system to translate Japanese

This system can be used to translate various scientific/technical papers and machinery/equipment manuals. Special "glossaries" can be developed to adapt it for fields as diverse as medicine, electronics and aeronautics. Further development could lead to automatic telephone translation or even portable verbal translators for travelers.

In addition to the machine translation system, Hitachi's research specialists are also developing advanced transmission systems that send your phone calls or business data across great distances using hair-thin optical fibers and laser beams. They are also working on other new methods of communications, such as advanced telephone exchange systems, satellite communication systems, TV conferences, and so forth.

At the root of much of this is our highly advanced computer technology: because Hitachi is producing some of the fastest. largest-capacity systems available today.

We link technology to human needs. We believe-that Hitachi's advanced technologies will result in systems and products that are functionally sophisticated but easy to use. Our goal in communications—and transportation, energy and consumer electronics as well - is to build products and systems that will improve the quality of life the world around.





EUROPEAN NEWS

Euro-Court ruling backs case for part-time workers

THE European Court of Justice bas cial security benefits to make up his and live in other member states as workers within the 12-nation compeople in full-time jobs, a European munity. Commission official said yesterday, The court ruled that as long as Reuter reports from Brussels.

Falling (

Hungan

Commission in a case it brought against the Netherlands for refus- as any full-time worker. ing to let a part-time West German

ruled that part-time workers in the part-time pay excluded him from EEC bave the same right to work EEC rules on the free movement of

Reuter reports from Brussels. the part-time work was legal and He said the court had backed the justified, the employee had as much right to practise it where be wanted

In another ruling, the court said music teacher stay in the country.

The Dutch authorities had argued that the man's dependance on so-

Netherlands hosts talks against chemical warfare

BY LAURA RAUN IN AMSTERDAM

THE NETHERLANDS is continuing its battle against chemical warfare in spite of the US winning Nato approval for new chemical weapons. The Hague is hosting a twoday international workship on practical ways of preventing chemical weapons from being made in civilian chemical factories.

The workshop, which ends today, is designed to help overcome one of the last major obstacles to a treaty at the Geneva conference on disarmament, which aims at a global ban on chemical weapons. That obstacle is the problem of verifiable compliance which still protects commer-cial interests.

Mr Hans van den Broek, the Dutch Foreign Minister, yesterday addressed the representatives of 44

countries, including the Soviet

I hope and believe that this workshop can make a significant contribution to the formulation of opinion on one element, admittedly a limited one, of the verification problem of a chemical weapon trea-ty which all of us wish to see read," he said.

The Geneva conference on disar mament has been struggling for 15 years to agree upon a comprehen-

The Netherlands, which has a sizeable chemical industry, has fought against chemical weapons for years and as the current chairman of the European Community is seeking to rally support for the Geneva ban.

Soviets renew interest in Cyprus settlement

There are two sides to every argument

On the one hand, here is a luxury car of

From seats, for example, are electrically

adjustment. If you wish, they can be hide-

To produce the perfect driving position. the steering column and instrument binnacle

There is an ingenious climate control.

monitors outdoor conditions. The slightest

maintain vour pre-set cockpit temperature. Even the glovebox is air-conditioned.

While for a total change of atmosphere,

Steering is power-assisted and speed

Headlamps can be hydraulically adjusted

from inside the car. Wing mirrors not

ouch of a button.

distance driving.

on the cavernous.

year to tail lamp operation.

only demist but can be re-positioned at the

There is a cruise control to take the

A fourteen-function safety warning

There's central locking, Including an

anti-introder button that allows you to

secure all doors even when the car is in

stem monitors everything from brake pad

loowork and the hard work out of long

on only have to turn to the 928's compurised sound system. Firingly, the ultimate

in music for the ultimate in unovenient.

change, and air flow alters amomatically to

with an electronic 'weather eye' that

tpholstered in the colour of your choice.

powered for height, reach and back

quite exceptional refinement. A car that's built by hand to Porsche's specification, then

BY ANDREAS HADJIPAPAS IN NICOSIA

A THREE-MEMBER delegation from the Soviet Foreign Ministry Mr Javier Perez de Cuellar, the UN will visit Cyprus next week for talks on the Cyprus problem amid signs on the Cyprus problem amid signs that the Soviet Union is showing renewed interest in the Mediterranean island where Britain maintains two large military bases.

The delit having the week for takes gent efforts to avert a complete breakdown of his own peace initiative on Cyprus. That initiative would involve making the divided island a federal historial problem.

The visit, beginning on June 13, is with about 29 per cent of its territo-principally aimed at promoting the ry in the north held and adminis-Soviet initiative launched last Janu-tered by the Turkish Cypriots. ary which aims at making Cyprus a
demilitarised island. The Soviet the internationally recognised Cyproposals also called for a united, prus Government, have spurned the proposals also called for a united, independent Cyprus.

for the Porsche 9285 Series 3.

iadored to vours.

also adjust. In unison.

Secretary-General, is making ur-

Netherlands coalition negotiations bog down

POLITICAL HAGGLING over formation of a centre-right coalition Government in the Netherlands has bogged down over sensitive issues and party squabbles in the days following last month's elec-

The Christian Democrats and right-of-centre Liberals may need a total of 10 weeks to iron out the wrinkles in a new governing accord, according to diplomats in the The Hague. That would be twice as long as expected after the coalition's surprise victory in the general election on May 21.

coalition negotiations, yester-day met Mr Bert de Vries, representing the Christian Democrats, and Mr Ed Nijpels of the Liberals. The three attempted to narrow down the main obstacles (but have emerged during a week of detailed discussions on cabinet

Two obstacles are slowing negotiations: wide differences over such controversial issues as enthanasia, broadcasting, sexual discrimination and education; and internecine struggles within the Liberal

equal treatment for women.
The Christian Democrats
oppose all three. Some differences also exist on civil
servants wages and defence

spending.
The Liberals, junior partners in the coalition, are also
painfully polarised over the
future of Mr Nijpels. The
more conservative wing of the
party is rallying around him
desplie the disastrous loss of
nine parliamentary scats in
the general alaction. the general election. The Christian Democrats, the senior party, won nine seats to maintain the coalition's

to maintain the coalition's governing majority.

The more progressive wing of the Liberals is directly blaming the brash Mr. Nijpels for the embarrassing losses. But despite the Liberals' seemingly weakened position, they still have a powerful bargaining chip—the promise by the Christian Democrats of continuing the partnership.

Further rise in Community growth forecast

BRITAIN wants the European orbit and return to its runway to be 21st century. We believe Hotol will culties over the US space shuttle

sooner, by AD 2000.

ation in real economic growth of the European Commission.

decline marginally from 11 per cent to 10.5 per cent, while inflation will ease more sharply: down from 5.8 per cent in 1985 to only 3.1 per cent in 1987.

with a lower external trade gross domestic product is fore- those produced by the OECD, policy changes.

BY JAMES BUXTON IN ROME

Space Ageory (ESA) to make a high-level study of Europe's future needs and possibilities in the field

of space launchers and platforms

with a view to giving it support for

Hotel, Britain's project for a space-

going aircraft.

Mr Geoffrey Pattie, the British
Minister for Industry and Informa-

Hotol is a coocept developed by British Aerospace for a space vehi-cle which, unlike the space shuttle, would travel into orbit from an ordi-

A FURTHER gradual acceler surplus for the 12 member cast at 2.6 per cent this year, particularly in forecasting any compared with 3.3 per cent last improvement in unemployment in the EEC. reaching 2.8 per the forecast suggests that year, and falling in 1987 to 2.4 cent in 1987, was forecast yes-the overall EEC surplus on its per cent. terday by the economic services balance of payments will im- West German GDP, on the

fation will ease more sharply:
down from 5.8 per cent in 1985
to only 3.1 per cent in 1987.
according to the new figures.

The slowty improving economic growth rate reflects a longer rapid expansion of domestic demand, coinciding in 1986. Real growth in UK

The slowty improving economic growth rate reflects a longer actually dropping back domestic demand, coinciding in 1986. Real growth in UK

The growth pattern will into the formulation in the f

It is a present at the "proof-of-concept" stage. But if the concept is

proved to be valid, which should be

achieved in about a year, Britain would like to get the support of ESA and its member countries for mak-

ing Hotol operational.

Britain, however, faces opposi-

per cent financed by France.

Mr Pattie said yesterday that the

French Government was not "bos-

tile" to Hotol. "But the French see it

used again.

tion Technology, stated this in tion to Hotol from France, which Rome yesterday after a visit to Eu-

Rome yesterday after a visit to the ropean capitals to discuss Hotol for Hermes, a manned space with governments and present the cle which would go into orbit on top of ESA's Ariane rocket, which is 70 of ESA's Ariane rocket, which is 70

nary runway. It would carry out as a project which would follow such tasks as putting satellites into Hermes in the early years of the

Unemployment is expected to lectine marginally from 11 per ent to 10.5 per cent, while intaction will ease more sharply:

"We and the French are in compe-

ideal world, we would bave both Hermes and Hotol," be said. The cost of developing Hotol and

building the first launcher is put at about Ecu 6bn (\$5.6bn).

Mr Pattie said that he was "neith-

er more hopeful nor less hopeful"

after his visit this week to Paris. But both the West German and Ital-

interested in Hotol, be said.

improvement in unemployment raics—allhough the expected 10.5 per cent is still described as an "unacceptable teycl." Mr Massimo Russo, directorgeneral for economic affairs in the Commission, said growth

over the next two years would be based in internal rather than external demand. The forecast is based on an assumption of no further substantial changes in dollar-Reu exchange rates, oil prices averaging \$16 and \$15 a barrel in 1986 and 1987 respectively, and

no major internal economic

be able to do more than Hermes - the ESA needed to make assess-Hermes can't put satellites into low ments of its future needs "quite rap-

earth orbit for example - and we be-lieve it can be operational much said. "The decision we take now

tition in the sense that we are both ent a paper on the subject to the after the same lot of money. In an next council meeting of ESA, later

ian governments were particularly we lift the veil of secrecy. But we

Mr Pattie said that, with the diffi- the months go by."

this month.

UK seeks backing for space aircraft

He said that Britain would pres-

Britain's presentation of the Ho-tol project has been criticised on

the grounds that for reasons of mili-

tary secrecy the British bave not been prepared to reveal full details

of how Hotel will work. But Mr Pat-

tie said; "In the early stages we have to be sensible about how much

Prime Minister and leader of the ruling Social Democrats, and

the ruling Social Democrats, and the ousting of Mr Thorbjorn Faelldin, the former Prime Minister and leader of the Centre party in December, Mr Adelsohn's departure marks the third major party leader change in Sweden in less than six months.

Mr Adelsohn, a former Muster of Transport and Com-

Swedish

party

leader

resigns

By Kevin Done, Nordic Editor, in Stockholm

MR ULF ADELSOHN, leader of

the Swedish Conservatives, the largest Opposition party, yester-

day announced his resignation. His decision to step down after nearly five years as party leader

follows the party's disappoint

ber's general election.

ing performance in last Septem

Following the assassination in February of Mr Olof Palme,

Mnister of Transport and Com-munications in the non-Socialist Government from 1979 to 1981 and eartier leader of Stockholm City Councit, has been itt at ease with his role in opposition. His ambitions were clearty

His amotitons were clearly set on being clected Sweden's first Conservative Prime Minister since 1928, but at the tast election the Conservatives failed to live up to the promise they had shown in opinion

polls.
They come in for heavy attack from Mr Palme, who sought to present them as a dangerous threat to the Swedish welfare state, and lost votes heavily to the Liberals, whose fortunes surged under their new leader, Mr Bengt Westerberg.
Under Mr Adelsohn's leadership, the Conservatives have moved markedly to the right with an outspoken platform in

with an outspoken platform in favour of lower taxes, cuts in the public sector, the privatis-ation of public services, and more individual freedom of

At the 1982 election, the first with Mr Adelsohn at the helm, they scored their biggest triumph since the end of the 1920s capturing 23.6 per cent of the vote.

of the vote.

Amid talk of a "right-wing wind" of change blowing through Sweden, the Conservatives rose at one stage above 30 per cent in the opinion polls, but Mr Adelsohn's hoped-for but Mr Adelsohn's noped-for success failed to materialise in the 1985 general election, and their support has since dropped The Conservatives are expected to hold a party conference during the late summer to elect a new leader.

Mr Jan de Kening, the Christian Democratic Infor-mateur who is directing the

party.
The latter favour the legalisation of enthanasia, commercial broadcasting and

of continuing the partnership.

Paris transport chief fights to stay on board THE BATTLE over the run. no secret that he was one of agues told Mr Quin he had to executive of the Credit Agricole

ning of the Paris metro between the French conservative govern-ment and the communist chair-man of the capital's urban transport system reached a climax yesterday. Mr Claude Quin, the commun-

ist bead of the Regie Autonome des Transports Parislens (RATP), was still desperately trying to remain on the board

the first state sector managers the new right-wing government wanted to reptace. Yesterday, in an effort to maintain at least a voice on the RATP board. Mr Quin offered to step down as chairman but to retain a seat on the board. Mr Quin's fate wase expected to be decided last night after a meeting with Mr

trim his investment and operation co-operative banking group, ing budget by FFr 480m (£43m) formerly one of the closest this year and stop hiring new workers.

Mr Quin agreed to FFr 140m Minister.

of cuts but refused to accept the demand on recruitment. The French current account returned to deficit in the first

But the dispute clearly goes quarter of this year after show-beyond the management of the ling a substantial surplus in the wase expected to be decided last night after a meeting with Mr pouffagues.

Wase expected to be decided last night after a meeting with Mr pouffagues.

Underground workers bave threatened a 24-hour strike next week in his support.

Jacques Douffagues, the rightwing Transport Minister. to force him to resign.

Mr Quin is the last Communist Party member to bold a major position at the top of a state sector group and it is

wase expected to be decided last night after a meeting with Mr pouffagues.

Underground workers bave threatened a 24-hour strike next week in his support.

Relations between Mr Quin and the new government had initially seemed good with the conservative administration giving the RATP the go ahead to a major position at the top of a large and visible slate presence of a communist at the presence of a communist at the presence of a large and visible slate presence of a large and visible slate to the new right-wing government, which is now starting to replace political appointments in state groups made by the conservative administration giving the RATP the go ahead to might after a meeting with Mr poufficiency of a communist at the presence of a communist at the presence of a communist at the presence of a large and visible slate to the new right-wing government, which is now starting to replace political appointments in state groups made by the conservative administration giving the RATP the go ahead to might after a meeting with Mr poufficience of a communist at the presence of a



COLLOR And should you think that Porsche proportions are totally impractical, some

inal words of comfort. Leg room to the front is more than generous; luggage room to the back verges

Fold the rear seats and you have more owage space than a luxury saloon.

PORSOLIE CARS GREAT BRITAIN LIMITED BATH FOAD CALCOT READING FOR THE TELEPHONE OF A DIGGO, 9285 SERIES ZAUTOMATIC DOUTEST LIRBAN 16,9 MPG 16,7 L/100 KM, 56 MPG 17,8 MPG 17,8 MPG 16,7 L/100 KM, 56 MPG 17,8 MPG 17,9 MPG 16,7 L/100 KM, 56 MPG 17,9 MPG 17,9 MPG 18,9 M

On the performance side, the 9285 Series 2 is astonishingly flexible. Smooth and imperturbable around town. Fast inever furious, on the open road.

With 4-speed automatic transmission. the 926 produces rather impressive Factory Test figures. 0-62.5mph 0-100km/h in 6.7 seconds. Top speed: 156 niph. The 5-speed manual is marginally swifter.

And as quickly as it starts, the 928 stops. It has one of the safest braking systems yer

Second generation ABS cadence braking fallied to four piston, fixed caliper ventilated disc brakes) means that the 928 driver can stop rapidly and steer at the

same time. Handling is superbly enterolled 100.

Thanks firstly to the Transaxle driveline 'engine fore, gearbox aft, which provides near-perfect weight distribution.

And secondly, to the Porsche-patented Weissach rear axle. An innovation which counteracts a car's natural tendency to break away on tight corners.

Fuel performance? 'Respectable economical to quote 'Motor' 9 2 8 And the 928 brings other rewards.

A 2-year mechanical warranty. The Porsche Longlife 10-year anti-corrosion warranty that's routine maintenance free. 12,000 mile service intervals.

But, above all, pleasure: the sheer ease of driving a car that sets new standards in luxury performance technology.

As Car Magazine concluded, and the motoring press have universally acknowledged, 'this is one of the very best cars in the world. And who are we to disagree?

For a personal introduction to your nearest Official Porsche Centre and a comprehensive brochure on the Marque, simply send your business card to our Customer Relations Department.

BUILDING ON ACHIEVEMENT

Amal tightens **Palestinian** camps siege

SHIA AMAL militiament tightened their siege of three Palesunian camps yesterday after suppressing Sunni Moslem opponents in the fiercest street battles in West Beirut this year.

Palestinian spokesmen denical their guerrillos had been inrolved in heavy combat that engulfed the Tariq Jedideh quarter Monday and Tuesday. The spokesmen stressed that Palestinians entrenched in shantytowns on the southern fringes of Beirut were concentrating on a defensive battle inside the camps.

The Shia Amal militia consolidated its bold over Tariq Jedideh thus ensuring better access to the embattled camps from the north. Palestinian refugee camps are ringed by Shia suburbs from the south and southeast.

A joint Lebanese army and police force entrusted with security in West Beirut's recent flashpoints was still not in position yesterday.

 Lebanon's pound tumbled more than two pounds during the day against the dollar yesterday to its eighth record low in two weeks, closing at 37,007

FINANCIAL RAND AT NEW LOW

Investor fears push down rand value

INVESTOR CONFIDENCE IN INVESTOR CONFIDENCE in South Africa reached a new low yesterday as the financial rand, ploughed below \$0.24 where it discounted the commercial rand hy a record 42 per cent. The financial rand, reiotroduced last September to help stem a flight of capital from the country, provides a direct measure of foreign investors' willingness to invest in South Africa. It also reflects pressure on foreign investors who are disinvesting by selling their assets in the

On of the causes of the financial rand's latest decline was the discovery of a foreign exchange fraud by dealers at the African Bank (AB). Since last Septemher they have contravened exchange control regulations by sending an estimated Sti7m of disinvestment funds out of the country at the more attractive commercial rand rate which is reserved for current account transactions

Profits made through this con-travention were returned to South Africa from abroad through the financial rand merket, thereby creating an artificial demand for the investment currency and supporting its effective exchange rate al a level which discounted the mercial rand by about 30 per cent. With that prop gone, ine financial rand now reflects heighlening business and

TO MAKE CHINA PERFORM LIKE MAGIC

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Mr du Plessis: GDP forecast

On the political front most worries centre on June 16, the tenth anniversary of the 1976 Soweto uprising. The African National Congress and the United Democratic Front have joined others in calling on black South Africans to strike among others — have decided to give their black staff time off.

Bul the protest call was thrown into confusion last night following a Government order banning any indoor anti-

the fact that recession appears to he deepening despite measures introduced in the past six months. Until now the authorities have relied on interest rate cuts to get the economy going, but, though the economy going, but, though the beltwether prime overdraft lending rate of 14.5 per cent is 4.t percentage points below April's 18.6 per rent inflation rate, the economy remains in the doldrums. In Fehruary manufocturing output wos 2.6 per cent down on the level of a year before. Many economists now concur that GDP growth this year is likely to be less than 2 per cent rather than less than 2 per cent rather than the 3 per cent hidgeted by the Finance Minister Mr Barend du

The Government has delayed introducing fiscal measures to underpin the interest rate cuts. However, it now seems that new measures, which are expected to include a cut in general sales tax and increased Government deficit spending on make-work projects such as sub-economic housing, will be introduced in Parliament on June 16.

Plessls in March.

Patti Waldmelr adds: The American Chamber of Commerce in South Africa has published o document for the "carcful consideration" of its

apartheid meetings. Outdoor meetings are already banned.

Apart from political considerations, disinvestment pressures have been heightened by the fact that recession appears to he deepening despite

group did not endorse civil dis obedience as a policy, indicat-ing that the document, which gives examples of possible action is intended for members' consultation only.

Prepared by a prominent htack organisation, the Get Ahead Foundation the paper

suggests that chamber members should encourage blacks to settle in white areos, in contrasettle in white areos, in contra-vention of South Africa's segre-gated housing laws, refuse to register staff under current in-flux control taws which monitor the presence of blacks in urban areas, fund hlacks wishing to set up husinesses, even where this may contravene licencing this may contravene licencing regulations designed to keep blacks oul of certain business districts and encourage the de-segreeation of privete and stele

• Gold Fields of South Africa, which is controlled by London-headouartered Consolidated Goldfields, has dismissed 2.000 striking workers at its Green-side Colliery. The company said the stoppage was the latest in a series which had taken place since carly March.

Editorial comment, Page 16

US groups told to stop Libya oil operations

THE US Administration has ordered US oil and oil service companies to stop operations in Libra by the end of this month. The directive stops short of demanding they shed ownership of their interests

there. Washington's amendment to temporary permits to operate in Libya, issued last February, calls for cessation of all sales of Libyan oil, payments to the Llhyan Government and participation in operations and management of their Libyan

According to Petroleum Intelligence Weekly, the five US companies involved — Conoco, Amerada Hess, Mara-thon, Occidental and W. R. Grace—have less than 10 cargoes of crude to sell before the ban takes effect.

The companies estimate their assets to be worth about ship but say it is impossible at present to estimate precisely the net hook asset value or their fair market

This figure is greeter than the worth of Libyan assets frozen by the US last January. Although precise figures are not available, senior Administrative officials agree that the figure stands at around \$800m.

Indian state leader's move eases way for Punjab peace accord

BY JOHN ELLIOTT IN NEW DELHE

THE CHIEF Minister Haryana, a North Indian state adjacent to the Puniab, gave up adjacent to the Punjab, gave up his office yesterday in a sur-prise move which is expected to ease the way for the implementation of the Punjab peace accord agreed last year.

Mr Bhajan Lal, outspoken Chief Minister of Haryana for Chief Minister of Haryana for the past seven years and a leading opponent of some aspects of the accord, was replaced by Mr Bhansi Lal, India's Railway Minister who is expected to take a more conciliatory line. Mr Bhajan Lal was last night being tipped fur a ministerial tob in the central government of Mr Rajiv Gandhi, the Prime Minister, es a reward for leaving Haryana.

ing Haryana, This important political move ceme e few hours before tension rose in the Sikhs holy elty of Amritsar where security forces moved back yesterday into the sacred Golden Temple after extremists killed a member of the civilian security task force.

There is a serious risk of violence in Amritsar this week take place on January 21 and because it is the second anniversary of the teke-over of the temple complex by the Indian army. Three people were killed this possible.

Security forces re-entered the Golden Temple in Punjab hours after militants called for the overthrow of the state's moderate Sikh leader-ship, the Press Trust of India said. Reuter reports from New

yesterdey in other incidents in yesterdey in other incidents in the Punjab.

Mr Bhajan Lal was instrumental in blocking the transfer last January of the clty of Chandigarh as the capital of Punjab Currently it is the joint capital of both Punjah and Haryana.

As part of the deal Harvana

As part of the deal Haryana is to be given some Punjab villages and a new state capital villages and a new state capital but Mr Lal was taking an extreme line, partly because he and his government were due to stand for re-election next-year and did not want to lose the support of Haryana's Hindu voters.

Mr Gandhi last week announced that the otherwoods was in the

ced that the change-over of the capital and the villages would

5% GDP rise signals recovery for Kenya

BY MARY ANN PITZGERALD IN NAMOBI

THE KENYAN economy is enjoyiog an economie boom with prospects for 1986 even rosier than the results turned in last year, government statistics indicate.

The 1985 GDP growth of 4.1 per cent, expected to expand to 5 per cent this year, marks a turnaround from 1984 when the economy was battered by the worst drought in half a century. GDP growth that year stag-nated at 0.9 per cent.

Dr Robert Ouko, Minister for Planning and National Development, dubbed the performance "satisfactory" when he pre-sented the 1986 economic survey last week.

For the first time in several sears, the GDP expansion out-stripped the population growth rate, ometally pumed at 39 per-cent. The population explosion is viewed with concern by both government officials and Western aid donors. Per capita in-come was \$357 in 1985, up 2 per cent over 1984.

The recovery was marked by. record harvesis of maize and tea, and agricultural production expanded by 3.5 per cent.

However, a liberal import Tsh 160 against the dollar.

policy led to deficits in the balance of payments and current account. The balance of payments returned to a deficit position of just over \$100m after two years of surplus. The current account deficit widened from \$183m in 1984 to \$211.25m last year.

Tanzania is due to confront

its donors at a consultative group meeting in Paris next week and prospects for a rapprochement with the IMF are good, say diplomats in Dares Salaam.

The pivotal agreement for a

standby facility, the first in six years, would unleash an additional several hundred million dollars in aid that is badly needed to revitalise the

The credit is expected to be for about SDR 65m (£50m) roughly 60 pet cent of Tanzania's IMF quota, If Tanzania adheres to guidelines contained in the IMF package, It could become allicible for could become eligible for a further credit of some SDR 20m. created structural adjustment

The proposed agreement is predicted on a liberalisation Inflation stood at 10.7 per cent of Tanzania's agricultural policy last year but is expected to and a big devaluation of the ease to 8 per cent this year, and manufacturing output remained of Tsh 19.75 against the dollar.

Zimbabwe pay to be raised

THE Zimbabwe Government yesterday announced a 10 per cent increase in wages for all workers earning less than Z\$500 (£193) a month Tony Hawkins reports from Harare: The wage award which applies to lower-paid workers in all sectors of the economy takes effect from July 1 and follows a 15 per eent pay rise a year ago. The inflation rate since mid-1985 is estimated to be more than 13 per cent implying a reduction in average real earnings.

Mr Frederick Shava, the Zimbabwe Minister of Labour. said pay awards for higher-income groups would be progressively scaled down to Z\$36,000 annually. earning more than that would not be entitled to any increase at all, the minister said.

Philippines growth resumes

THE PHILIPPINES GOP grew by 0.8 per cent in the first quarter of 1986 as the Govern-ment of President Corazon Aquino struggles to regain public confidence and robuild a debt-ridden nation. Samuel Senoren in Manila writes.

The turnaround, which compared with negative growths at 3.9 per cent in 1985 and 5.5 per cent in 1984, indicated progress in the country's economic health.

Mr Jaime Ongpin the Finance Minister, yesterday reported that key economic indicators were generally upbeat as reflected in a stable currency exchange rate and a low rate of inflation which averaged 3.3 per cent from January to April. The international reserve of the Central Bank rose \$1.69bn as of last week Shultz builish, Page 5

Peking condemns Japanese history of World War Two

BY ROBERT THOMSON IN PEKING

a history book that the Chinese claim "prettifies" Japenese aggression prior to and during the Second World War.

A Foreign Ministry official made elvar yeslerday that China thinks the Japanese Government that crrors in textbooks would be corrected" by approving a controversial text that avoids the term "eggressions" and the term "eggressions" and casts donbts on Japanese brutality during the war which centred on the Japanese invasion of Manchuria.

The offending text, apparently prepared by the National Conference to defend Japan, says the details of the "Nanking Incident" in which Japanese

the details of the "Nanking Incident," in which Japanese, solciers killed at least 140,000 in 1937, are still under debate. A similar glossing over of history four years ago caused a scrious rift between China and Japan, with the

THE Chinese Government has strongly criticised Japan's edu-cation authorities for approving counter to friendship agreeents signed by the two coun-

The Foreign Ministry official said that the Government had noted Japonesu press reports on the middle school text, which

on the middle school text, which contains material. "contrary to historical facts.

"The Japanese Government had promised to see to it that; errors in textbooks would be corrected. How to look upon the facts of the war launched by the Japanese militarists should be considered as a aerious matter." the official said.

"Regrettably, the Ministry of Education of Japan has once again done something that hurts the feelings of the Chincse people and the people of other

people and the people of other Asian nations."

He said the Government

opposes "any statement or actions that distort historical facts and prettify the war of

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Shultz declares 'bullish' support for Philippines

BY ALAIN CASS, ASIA EDITOR

MR GEORGE SHULTZ, the US Secretary of State, declared yesterday that he was "bullish on the Philippines" in a speech designed to quell criticism from Manila that the Administration was lukewarm in its support ier the Government of President Corazon Aquino.

wait-and-see attitude before deciding to invest.

Mrs Aquino'a Government. which was swept to power by a military-backed revolution 100 days ago, has yet to see any significant inflow of foreign

Moreover, her government has yet to come up with specific proposals to tackle the economic mess left by her predecessor, Mr Ferdinand Marcos, including

a foreign debt burden of over \$26bn (£17.4bn). Mr Schultz urged Mrs Aquino to develop plans to lure back eapital which had flooded ont of the country in the years preceding the revolution. He said there was a critical need

Corazon Aquino.

The speech, delivered in New York to the prestigious Foreign a sense of confidence, as sidering investing in the country a sense of confidence. If the Philippines.

Mr Shultz conceded that the international business community, while welcoming the change of government in Manila, had adopted a cantious waitandsee attitude before said there was a critical need to give foreign companies considering investing in the country a sense of confidence. If you a sense of confidence, within the Administration where there are ability to keep her coalition to gether and considerable sussitions of the sense of the country as sense of confidence.

Mr Shultz is emerging as the most powerful suporter of the Administration where there are ability to keep her coalition to gether and considerable sussible to give foreign companies considering investing in the country as sense of confidence.

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Mr Shultz is emerging as the most powerful suporter of the Administration where there are ability to keep her coalition to gether and considerable sussible to give foreign companies considering investing in the country as sense of confidence. Aquino Government within the Administration where there are deep-seared doubts about her ability to keep her coalition to gether and considerable suspicion of her more radical advisers, some of whom remain opposed to the US military bases in the Philippines. He told his audience in New York that "if stability and development in the Philippines are to be attained the Aemrican private sector must get off the

private sector must get off the dime and look aggressively at investmenet apportunities."

Mrs Aquino, he said, had taken the right track despite

the formidable array of prob-lems facing her.

SEC wins insider trading case

The US Securities and watchdog for the American securities industry, has won another large settlement against a group of inter-national investors accused of trading on insider information generally available to the investing public.

investing public.

The decision, which comes only days after a flurry of new insider cases have been launched by the SEC, involved alleged profits of \$3.5m (£2.2m) made on purchases of shares in \$4 Joe Minerals in March 1981; tust before it became the nbject of a takeover bid by Seagram, the Cauadian drinks company.

In a Federal Court inde-

In a Federal Court judg-ment in New York, two Italian bankers, Mr Giuseppe Tome and Mr Paolo Leati, were ordered to pay back illegal profits and interest on their dealers in St Joe shares

Estimates put the total value of the award at around \$5.8m, although it was not clear yesterday whether the SEC would recover more than \$2m which the US courts froze in a New York account in 1981. Both of the defendants are reported in be in

TeleMexico acts to end broadcast chaos

CHAOTIC television and radio EBU on Monday night, when the stage Brazil got no sound at per cent shareholder in Tele-Havelange, Fifs president, transmission of the World Cup transmission chaos of the past all. Many broadcasting com-Mexico, which is the main org-According to Mr (football game from Mexico may few days was described as "the panies were reduced to com-aniser of and price heneficiary Tognoni, the Fifs spokes continue for another day or two but thereafter should improve substantially, according to Euro-

ean broadcastiog companies TeleMexico, the host broadcaster, has agreed to European Broadcasting Union (EBU) de-mands that they appoint an operational director, Mr Victor of the Communications Ministry. Telmex, the state telecom-munications company and the

EBU itself. The Mexican Government has also intervened, following a searing public protest by the

higgest disaster in the history of sports broadcasting."

At the centre of the mess is the inability of many outside hroadcasting companies which have paid record service fees to TeleMexico to feed sound mands that they appoint an through the commentary chan-operational director, Mr Victor nels they contracted for. Other Rojas, to co-ordinate the work television companies have not

heen receiving pictures.

At the weekend's opening games, for example, West German TV commentary was being broadcast to Canada, Spanish radio commentary was soing to England and at one going to England and at one

mentary provided either by telephone or in their home studios while watching the

gamea on TV. TeieMexico's appointment of Mr Rojas, a respected broad-casting technician, was des-cribed in a letter from EBU and the major broadcasting federa-tions to Fifa, the international

football federation, as "a posi-tive step forward to improve substantially the situation."

Though Fifa is formally in charge of the tournament it is Televisa, the powerful Mexican head of the World Cup organis-built by Televisa still do not private TV monopoly and 75 ing committee, and Mr Joao open until 6 pm Enropean time.

from the event.

Since the weekend, Televisa has come under strong pressure from both Fifa and the Government to find quick solutions the broadcasting row, which the authorities here fear is seriously damaging Mexico's already den-

ted image abroad. At Tuesday's Mexico-Belgium match, President Miguel de la Madrid met with Mr Emilio Azcarraga, president of Tele-visa, Mr Guillermo Canedo, vice president of Televisa, Fifa and

According to Mr Guido Tognoni, the Fifa spokesman. Mr Azcarraga had to "assure the government and Fifa that

everything that needed to he done will be done." Many of the problems appear to be the result of bureaucratic paper shuffling, lack of co-ordination and concentration

making at the very top.

The constant need for signed authorisation from the top is having a sad effect on other aspects of coverage. Telexes at the International Press Centre built by Televisa still do not

California limits liability awards

SEEKING AN end to the lia-SEERING AN end to the lability insurance crisis that has hit businesses and municipalities in California over the past year, the state's voters have passed a measure that will severely limit liability awards for any engagement of the past of the for such "non-economic" damages as "pain and suffer-" non-economic " ing" in lawsuits dealing with injuries and "wrongful" death. Proposition 51, a voters' initiative that will reverse the state's controversial liability state's controversial liability was passed by an overwhelming 62 per cent of voters in Tuesday's state elections.

The measure limits liability some eases insurance is unavailable. More than 50 cities in the

damages to each defendant's share of fault. Previously in California, wealthy defendants with "deep pockets" bave been required to pay all damages regardless of their degree of fault in cases where other defendants are unable to pay.

attate are currently uninsured. Businesses, doctors and schools have also been affected by the crisis.

Backers of the initiative have predicted that it will bring relief to those with insurance problems, but they are strongly In practice, this has produced such anomalies as cities being required to pay multimillion dollar awards to the victims of uninsured drunk drivers. As a

Businesses, doctors and schools have also been affected by the

predicted that it will bring relief to those with insurance problems, but they are strongly opposed by consumer groups and trial lawyers.

Special interest groups dipped into their own deep pockets to spend nearly \$10m (£6.8m) on efforts to elicit votes for or against Proposition 51. The campaign is believed to be one of the most expensive in California history

Polish colonel warned US of martial law plan

BY NANCY DUNNE IN WASHINGTON

his country's general staff be-fore the crackdown on the banned Solidarity trade union banned Solidarity trade union Colonel Wladyslaw Kuklinski, organisation, was a Central Intelligence Agency (CIA) spy who warned the US of the planned martial law crackdown six weeks before it was announced on December 13, 1981, the Washington Post reported yesterday.

According trade union Colonel Wladyslaw Kuklinski, bad been removed from the country by the CIA by November 7.

Mr Urban claimed that the Reagan Administration could bave revealed the information and prevented the implementation of martial law.

According to the newspaper
Mr Jerzy Urhan, Polish Government spokesman, confirmed the
story in an interview in Warsaid.

A POLISH Colonel, serving on made the information public and saw and said the US could have warned Solidarity because Colonel Wladysław Kuklinski,

"Much of the love which he (President Reagan) professes for Solidarity is insincere," be

Barbados waits for **Barrow to deliver** on election promises

THE sheer size of the new Barbados Government's majority bas forced it to physically restructure the physically restructure the House of Assembly before it tackles anything else.

tackles anything else.

The new parliament cannot meet until this happens since there is simply not enough room on the Government side to accommodate all 24 of the 27 seats won by the Democratic Labour Party (DLP) in last week's elections.

Mr Errol Barrow, returning at the age of 66 as prime minister after 10 years in opposition, has a little more time to choose his cabinet and prepare for the traditional state opening of Parliament.

opening of Parliament.

The elections dramatically

missed the former Barbados boar Party Government which had been in office since 1976 and held an advantage of 17 seats to 10 after the elec- platform.

He returned bome to form the DLP with other young Barbadians disenchanted with the traditional leadership of

His dynamic style and fresh policics carried his party to victory in the 1961 elections and His dynamic style and fresh policics carried his party to victory in the 1961 elections and it retained the Government for three successive terms during which the West Indies Federation collapsed and its island components moved individually towards independence.

For Barbados, that came in 1966 whan Mr Barrow's government was at the height of its propularity.

That popularity wore thin for several reasons in its third term. People saw it as having hecome complacent and voted in the caribbean community for national computer. Industry for

That popularity were thin for several reasons in its third term. People saw it as having become complacent and voted for change by returning tha BLP, then under Mr Tom Adams, whose sudden death in March 1985 brought Mr St John to the prime ministership.
It says much for Mr Barrow'a

resilience and continuing appeal that be should have survived two election defeats to lead tha DLP to victory again as the oldest candidate of either party in the elections, Several issues contributed to

the remarkable BLP demise and press the demands of their the largest government majority unions for wage increases of the largest government majority since the introduction of adult suffrage in 1951, but none was more significant than the DLP's more significant than the bar's its income starts to decline.

package of tax reforms and its income starts to decline.

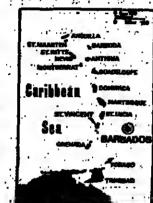
It is a considerable challenge

public sector cuts.

They would have sounded more appropriate coming from
President Ronald Reagan or
Mrs Margaret Thatcher than

Activity moving again. I want from a party which claims to be socialist and which bas three trade union officials among its

24 successful candidates. "This country has been very much overtaxed." Mr Barrow paign. "All of you as individuals have been subjected to taxes, levies, stamp duties, consumption taxes and endless impositions." It is the kind of ianguage guaranteed to get an enthusiastic hearing from electorates anywhere and the DLP bammered the point in an Prime Minister; proved an able economic planner. — as indeed, did Mr Adams and Mr St John after him. He inherits a long tradition of political and economic stability and both his sizeable majority and his proposed far-reaching reforms present him with considerable responsibility. told audiences during the cam-paign. "All of you as individuals have been subjected to taxes,



alternative budget it presented in the House of Assembly a few weeks before the election and later in its manifesto and on the

17 seats to 10 after the elec-tions of 1981.

The former prime minister, come will be tax free under Mr Mr Bernard St John, and all but one of his cabinet ministers, Rates on electricity, water and lost their seats. Even the competrol will be reduced, as will puter forecasts which predicted public sector spending and borar a narrow DLP win, were rowing 5tate enterprises such embarrassed by the scale of the as Caribbean Airways, the radio

embarrassed by the scale of the DLP victory.

For Mr Barrow, it is a triumphant return in a position he held for three successive terms between 1961 and 1976 when his party was last in government.

Like so many leaders of developing Commonwealth countries, Mr Barrow is a product of British legal and political training in the 1950s—called to the Bar at the Inns of Court and earning an economics (£154m) compared with B\$50m when he was voted out 10 years He returned bome to form the

ago.
The question now is whether the new administration can de-liver on its promises.

the BLP at a time when the British Caribbean was moving towards independence.

His dynamic style and fresh drams."

Mr St John is adamant that its proposals will be soon revealed as "illusions and pipe drams."

national computer industry for which Barbados is used by sev-

ral US corporations for off-shore assembly. Mr St John estimates the proposed tax cuts will lose govern-ment over B\$100m annually and that proposed cuts in ex-penditure would amount to B\$54m, or two per cent of

estimates.

A week before the elections, civil servants and teachers demonstrated in Bridgetown to over 20 per cent. The new Government will have to deal with this at the same time as

but Mr Barrow is convinced it activity moving again. I want companies to be profitable again

and pay more." In the 15 years he wasin office before, Mr Barrow, Finance Minister as well as Prime Minister, proved an able

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Scandinavian airline Japan takes utility market by storm considers \$3bn re-equipment plan

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SCANDINAVIAN AIRLINES SYSTEMS, the joint airline of studying the Boeing 737-300, the McDonnell Douglaa MD-83 and Denmark, Norway and Sweden, is studying a replacement pro-gramme for its short-to-medium range aircraft fleet through the rest of this century, that could eventually cost up to \$3hn (£2.04bn), much of it expected to be financed from interal for service from 1992, using the

SAS has a fleet of 60 McDonnell Douglas DC-9/MD-80 series jet airliners and eight Fokker F.27 turb-propeller air-liners covering its European international and domestic operations. While all of these alreraft still heve years of useful life, modernisation is continuing all the time, with new MD-80 series jets already introduced this year, with more to come. But for the longar-term, SAS

recognises that traffic growth, together with davelopments in short to-medium range aircraft planned by the manufacturers, will necessitate a major long-term replacement programme before the end of the century. The airline is studying three groad sizes of aircraft — 75-95 seats, 110-140 seats and 160-200

In the first category, possible aircraft include such turbo-prop types as the Franco-Italian ATR series and the British Aerospace Advanced Turbo-prop (ATP) and the Fokker F-100 twin-jet.

years, according to a new study from Automotive Industry Data. The phenomenal growth being observed by both four-wheel-drive sectors, however, is predicted to lead to a near-tripling of total European four-wheel-drive sales between lest was For the middle size, SAS is drive sales between last year and 1991. Just over 260,000 were sold in the 15 main Wat European markets last year. By MD-87, and the Airbus A-320.
For the larger 160-200 seater,
SAS is studying the projected
7J7 twin-engined airliner now
under development by Boeing 1991, AID suggests, aales will reach 800,000 units.

Proportionately much the biggest increase will be experienced by cars, sales of which will rise from 108,230 last year to revolutionary prop-fan engines giving up to 40 per cent im-provement in fuel consumption over existing turbo-fan (jet) So far, SAS has taken no decisions on which aircraft to buy in any of these categories. At most, it would want no more than one type in each category, and preferably only two (the 110-140 seets and 160-200 seets categories could perheps be met by one aircraft type) so as to keep equipment hills down.

Decisions may be taken within the next year or two, eapecially if Boeing formally launches the 7J7 in thet period with orders from other airlines.

SAS has been working for some time with Boeing in defining the most suitable fuselage size for the 7J7, as part of the airline's own long-term plan to see developed e "people pleasing plane" or the "3P" as it calls it. So far, SAS has taken no

John Griffiths assesses the enormous sales potential of four-wheel drive vehicles in Europe

force in utility vehicles," says

rise from 108,280 last year to just under 500,000 units over the five-year period, according around 154,000 last year to to AID.

S20,000 in 1991, European production of such vehicles would
of continuing strong sales grow much more slowly, from

pean manufacturers to respond Pointing out that 4wd cars sector. in 1991, representing over 5 per cent of all new car production.

Japanese imports are virtually during the next five years.

certain to remain the dominant While the advantages of four

EUROPEAN sales of passenger growth in the utility sector with four wheel drive (4wd) systems will overtake ficiaries will be Japanese AID predicts a much stronger those of light utility vehicles like vehicle makers.

"The fallure of the Euro facturers in the 4wd cars sector."

"The fallure of the Euro facturers in the 4wd cars sector."

"The fallure of the Euro facturers in the 4wd cars sector."

"The fallure of the Euro facturers in the 4wd cars sector." passenger car companies the world over. Not just by the strategy departments, but by down-to-earth senior managers who are faced with the day-to-day product decisions."

cent of all new car production.

The surcharge for four wheeldrive systems over two-wheel
drive, it forecasts, will be
reduced from an average of furso per cent to about 10 per cent
during the next five years.

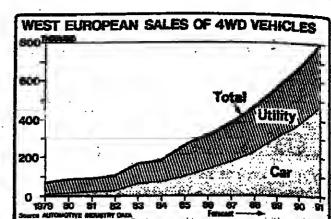
While the advantages of fourwheel-drive have long been
accepted in the ntillty sector,
opinions have been divided
mitil very recently about the
virtues of Iwd Ior cars, given
its extre cost, the study points
out.

day product decisions."

Two years ago, only 11 makes
of four-wheel-drive cars were
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were available. Tha AID study
is critical of European utility
and product decisions."

Two years ago, only 11 makes
of four-wheel-drive cars
were available. Tha AID study
is critical of European utility
and product decisions." es extre cost, the study points and for leisure use and deve-ut.

However: "The positive comto fill this role.



The Japanese were no less models." They have eince filled was similar to the US and was vehicles, et European propotentially developing into a ducers' expense, the study growth market for light, cheap points out. and rugged-looking 4wds, but

quick to realise that "Europe the marketplace with such

European 4 x 4 Prospects to which offered none of the bone- 1991. Automotive Industry Data shaking product character- 34 St John Street, Lichfield istics of earlier, purpose-built Staffs, WS13 6PB.

Feasibility study for Sydney tunnel ordered

BY EMBLA TAGAZA IN CANBERRA

AUSTRALIA seems set to opt for an A\$350m (£166m) whead and the tunnel could be second harbour crossing for its busiest city, Sydney. The New South Weles state government has announced that tha joint venture of Transfield Proprietary Limited, of Australia, and Kumagai Gumi of Japan will start next week an A\$2m feasibility study on the project.

The NSW Government first invited proposals for Sydney's second harbour crossing io Japan will start next week an A\$2m feasibility study on the project.

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The NSW Government first invited proposals for Sydney's second harbour crossing io Japan will start next week an A\$2m feasibility study on the project.

calls it.

The "3P" idea has slotted neatly into the 717 idea, and SAS has already done much work in its development centre

Japan will start next week an A\$2m feasibility study on the project.

Mr Laurie Brereton, the NSW branch of the topy off costs partly through this month will gange the bottlenecks at the only existing the study will be finished later this year but added be was involved proposals for Sydney's tuncel which Kumagai built. The NSW branch of the Test drillings to be conducted this month will gange the toll collections from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to locations from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel and through an increase in the outlenecks at the only existing to location from the tunnel on the location from the tunnel and through an increase in the ou

In March firis year, Transfield tunnel project will be cotomatically granted to Transfield and Kumagal who originally proposed the project.

The NSW Government first invited proposals for Sydney's second harboor crossing io 1882. Increasing population and vehicular traffic had created bottlenecks at the only existing and through an increase in the crossing, the Sydney harbour toll for the harbour bridge. It

The NESW branch of tha Australian Federation of Construction Contractors said that if . the . tunnel .project .went ahead at least 65 per cent of the work could be expected to be sub-contracted by Transfield

India set to finalise car exports order

BY JOHN ELLIOTT IN NEW DELHI

INDIA'S first major export aging director, said yesterday, order for cars is expected to be finalised soon following the day of the second generation of 800 cc Suzuki saloons made by Maruti Udyog, the company jointly owned by the Indian Government and Suzuki.

A letter of intent has been given to Marnti by Hungary for delivery of up to 25,000 Suzuki'a costing more than \$78m (£53m). They will be delivered at a rate of 50 to 500 a year depending on the extent of barter arrangements.

Hungary wants India to huy components such as spark plugs and wiper arms and blades for use in the Maruti car, as well as some defence equipment and parts for hydroelectric power

Orders of five to 10 cars a month have also been received from two of India's smaller neighbours. Nepal and Bangladesh, and inquiries have been received from Czechosiwakia and Mauritius for van and four wheel drive versions.

Although these are small orders, they are a significant success for Maruti which started producing the car in November 1983, after Suzuki beat competition from European and other January commission for other Japanese companies for the technical-transfer joint ven-ture. It was India's first new mass-produced car for some 30

Just over 31 per cent of the car is being made in India, This is about 3 to 4 per cent-age points less than would have

The original indigenisation 15 percentage points higher but the 31 per cent is expected to rise to an average of 47 per cent for this financial year, end-ing in March, and then move towards a target of 75 per cent in 1987-88.

Suzuki owns 26 per cent of the company's equity and has an option, which it might exer-cise next year, to go up to 40

The remainder is owned by the Indian Government, but Suzuki wants to increase its own fund raising and manage lal freedom by privatising this shareholding.

It has suggested that 35 per cent might be owned each by Suzuki and the Indian Govern-ment, with the remaining 30 per cent being floated on India's stock exchanges. This plan has not yet been approved by the Government.

More than 85,000 Suzukis are more than 85,000 Sizzikis are being, produced this financial year. This is helping to boost India's annual car production from under 40,000 three years ago to over 100,00 this year, including the output of four other smaller producers.

Total Indian demand is estimated to be only 200,000 cars a year by the end of the decade.

The Government is considering how to deal with a surplus of private sector manufacturing applications from Citroen and Peugeot of France, and Honda and Toyota of Japan, as well as age points less than would have been achieved if the original Suzuki model had been maintained, Mr. R. C. Bhargava, man-

Burma plans to upgrade rice trade facilities

By Chit Tun in Rangoon THE Burmese Government will soon launch a \$79.9m (£\$4.4m) project with World Bank support to modernise and storage facilities of the country's state-monopolised rice export industry.

Under the project, which will offer business opportunities for foreign suppliers, six electrically powered rice mills of 33,000 tens a year milling capacity each will be set up; storage facilities of 34,000 tens total capacity constructive constructions. tons total capacity construc-ted; about 120 privately owned rice mills rehabiliand a plant for grading and mixing rice built near the port of Rangoon, the country's capital.

The International Development agency of the World Bank will support the project with a \$20m soft loan. Financing will also be provided by Switzerland (about \$5m), private rice-mill owners (\$2.3m) and the Burmese Government (\$40.5m). overnment (\$40.5m).
On completion, the project

is expected to increase carn-ings from rice exports, Burma's main source of foreign exchange income, by about \$66m annually.

UK microchip company wins Chinese order

By Peter Marsh PLASMA TECHNOLOGY, 8 UK semiconductor equipment com-pany, is to seil to China 19 machines used to etch and deposit thin layers of chemicals in the production of electronic chips. The machines are worth

The order follows the relaxation in the rules by Cocom, the Paris-based organisetion set up by Western nations to vet exports to Communist countries, on sales of edvanced electronic equip-ment to Chine.

ment to Chine.

Previous efforts to export to Chine by Plasme Technology, which is based in Yatton, near Bristol, and expects annual sales this year of fom, had been held up due to fears that the equipment could be used in military applications.

Mr David Carr, joint managing director of Plasma Technology, said that since the change in the rules in January, the UK Trade and Industry Depertment bad moved quickly in producing the necessary

in producing the necessary export licences.

The Yetton company is selling to China two types of etching and deposition equip-ment, both of which are essen-tial in the complex process of chip production.

Norway develops ship for exporting salmon

BY FAY GJESTER IN OSLO

Gods-Trans, the Norwegian company which has ordered the NKr 20m (£1.7m) ship, believes it will revolutionise transport patterns in the farmed salmon trade. It says shipping the fish by the sea route will be both cheaper and faster than transporting them in refrigerated lorries—the method now used to reach European markets. Chilled and frozen salmon deatined for tha US is sent by air.

air. Gods-Trans is a specialist in

A NEW TYPE of refrigerated cargo ship — a lightweight, twin-hulled vessel capable of doing 30 knots — will next month begin moving cargoes of Norwegian farmed salmon in a refrigerated terminal at Den-Helder in the Netherlands. It will take fruit and vegetables from European suppliers on the return journey.

In oving frozen and chilled cargoes, and also acts as a chilled cargo broker, buying and selling shipments. It owns the Dea-Helder terminal and runs a fleet of about 40 refrigerated articulated lorries. Using these, it plans to create an integrated sea-road transport system, hinging on the Dutch terminal, to achieve maximum possible

keen to keep the secret of the innovative vessel as long as possible to avoid imitation by

Frontrunning in international banking:

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Prudential-Bache Securities International Svenska Handelsbanken Group Union Benk of Finland Ltd.

Enskilda Securities,

Den Danske Bank

Postipankki

Sparekassen SDS

Hambros Bank Limited

Morgan Guaranty Ltd

Bank Brussel Lambert N.V.

Copenhagen Handelsbank A/S

Dresdner Bank Aktiengesellschaft

Banque Internationale à Luxembourg

Morgan Stanley International

Bank Mees & Hope NV Banque Générale du Luxembourg S.A. Bergen Bank A/S Commerzbank

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Swiss Bank Corporation International Westdeutsche Landesbank



Kingdom of Sweden

DKK 500,000,000 8%% Notes Due 1993

Privatbanken A/S

February 1966

Svenska Handelsbanken Group

Banque Générale du Luxembourg S.A. .

Christiania Bank og Kreditkasse

Deutsche Bank Capital Markets

Kredictbank International Group

Swiss Bank Corporation International

Credit Commercial de France

Generale Bank

Societe Generale

PKbanken

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This announcement appears as a matter of record only.

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(Incorporated with Emited Hability in the Notherlands) DKK 500.000.000

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Hambros Bank Limited

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Nederlandsche Middenstandsbank nv Sparekassen SDS

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City of Copenhagen

DKK 500,008,000 Deutsche Bank Capital Markets Limited

Privatbanken A/S

Algemene Bank Nededand N.V. Bank Mees & Hope N.V Banque Générale du Luxembourg S.A.

Berliner Handels- und Frankfurter Copenhagen Handelsbank A/S Credit Suisse First Boston Limited Den norske Creditbank Generale Bank Hambros Bank Limited Morgan Guaranty Ltd

Bank Brussel Lambert N.V Bank of Tokyo International Limited Banque Internationale à Luxembourg Commerzbank Credit Commercial de France . . . Drescher Bank Aktiongesellschaft

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PRIVATbanken The Danish Frontrunner in International Banking



May 1986

Treading the knife edge of sensuality

Feona McEwan reports on different reactions to outré advertising

ONE OF the year's most arrest- assumed that it was largely ing commercials is for a new fragrance for women called Obsession. Take a languid young woman, a young boy with a longing took and a young man with yearning in his eyes. "Obsession" whispers the

Acclaimed by the US public. Banned from British television. Clever selling or pretentious rubbish? While opinion was divided, the US fashion designer and perfume purveyor, Calvin Klein, got selling. Just nine months after the launch, Obsession is a best seller for the exclusive US retailers which stock it.

Meanwhile in the UK, two

Meanwhile in the UK, two commercials for Levis 501's, from advertising agency Bartle Bogle Hegarty, bave gained a cult following and bucked up cult following and bucked up the jeans market no end. In one, a muscular young blade rises from a crumpted bed, limbers up on the window frame before sinking into a bath, Levis on, to achieve the tight-fitting look beloved of 1960s youth and now back in vogue. In another, a handsome unknown removes his jeans in a busy mid-American launder-ette before bundling them intn

a nearby washer. Using sex to sell products bas been a favourite ploy sinre the days of Queen Victoria, when a glimpse of stocking was some-thing shocking. Advertisers thing shocking. Advertisers have laced their adverts with liberal doses of spice whether remotely relevant (as in suntan oils, scent, underwear) or not (eleansing agents, kitchen wrap, (eleansing agents, kitchen wrap, cars) with varying degrees of clumsiness and crudity. In the trade press, sacks and forklift trucks were invariably draped with shepety female forms, Recently, however, sex has been presented with increasing finesse in advertising.

\$5 %. 314 3

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A Committee with the

6 Million 13

One man who bas made a notable contribution to the debate is Barry Day, vice chalrman and executive creative director of international advertising agency McCann-Erickson. Recently he entertained McCann's top clients in London McCann's top clients in London ... even to herself," is the way to a witty treatise on the subject, based on his 30 years in Definitions of what goes vary

the business.
"By the 1930s the female persona was neatly packaged," says Day. "Female freedom and free enterprise went hand

advertising that ted women to believe that their most impor-tant task each day was to create an alluring self-image.
Products — the magical, the
mythical — became a way to
express yourself. You were
what you wore. Advertisers
continue to instil the same
feeling in us all today."

Later, in the 1950s and 1960s, the concept of suggestive adver-tising even spread to superfi-cially unemotive bousehold cially unemotive bousebold products; the Procter and Gamble genie (with bald head and one earring), the man from Glad (as in elingfilm product Gladwrap), and the white knight on his charger (courtesy of Ajax), were among the dramatis personae. Refering to the white knight charging towards the bousewife, a Colgate executive is reported to have said: "Every housewife has been waiting for housewife has been waiting for a white knight since she was a little girt. When we say 'stronger than dirt,' we are say-ing to her 'stronger than your busband.'."

Indulge her fantasies

Day adds: "The housewife who would never seriously think of flirting with anyone but her bushand could indulge her fan-tasies with a variety of hunky male visitors who entered her home while her bushand was safely away—and she could do
it courtesy of advertising."
Freed by the Swinging
Sixties and the women's lib

movement, sex belatedly came into the open in the advertis-ing world in the 1970s, though, as ever edvertising lagged behind reat life. Just es the earlier stereotypes of women as housewife or drudge were grossly simplified, so the newer view of an all-performing wonderwoman was exag-gerated. "Overnight, abe was chairperson of the board, super sex symbol, toving wife, house-wife extraordinaire, the ulti-mate over-echlever—and boring

arriving for e party. She full of the same. The man turns to her and says: "Darling, you leave the others flat"—an ad that would never see the light of day in the US or UK.

Boh McLaren, international creative director of SSC & B: Lintss which handles the Impulse fragrance in 35 countries, knows about different social taboos. Walaysia. social taboos Malaysia. Pakistan and the Middle East. ranstan and the Middle East, he says, are sensitive to any form of sexual innuendo. Western society, he believes, tends to be bored with permissiveness and responds to sensuality rather than sex. As a result, says McLaren: "There's now more realism in advertising."

Tha degree to which sensibilities can change over time is surprising. John Jackson, head of copy clearance at the Independent Television Company Association which monitors all commercials before they appear on air, says: "Whet is good taste changes." He recalls the days when layatories on the taste changes." He recalls the days when lavatories on the small acreen caused an outery. Now the Andrex puppy, gamboiling among the toilet rolls is a hot favourite with viewers. Today, sanitary protection products, currently undergoing a two-year trial on UK television, are causing complaints from are causing complaints from

One product that bas been One product that has been increasingly imbued with saxual allure is blue jeans. As they have moved upmarket from bard-wearing working men'e wear to designer gear, jeans bave come to epitomise the "you are whet you wear "selling approach. Advertising has played an important part in the transition. There was Brooke transition. There was Brooke Shields in the US telling us "nothing came between her and her Calvin's" and ads for wrinkled jeans in Brazil (where "wrinkling" means fooling around) showing the woman taking the lead and making a pass at the man in an eggres-

write extraordinaire, the liftmate over-echiever—and boring
... even to herself," is the way
Day sees it.

Definitions of what goes vary
from cutture to culture. Australia, Brazil and Japan, for
instance, seem to share a strong
line in the earthy approach.

One down-under ad for
Cosmopolitan magazine features
a counted dressed "black tie"

Brazilian "W commercial for line in the earthy approach.

One down-under ad for pop videos has been picked in compolitan magazine features in some advertising. A couple dressed "black tie" Brazilian TV commercial for like perfume where glamour is other side and sell like bell."



Ads for Caivin Klein underwear: setting new boundaries

for women (see illustration) has caused a frisson and done

wonders for sales. Day maintains that Klein Is flattering the audience's intelligenre by, for example, teaving out the product in his fragrance ads, suggesting complex rela-tionships and playing on the sensual rather than basic

sensual rather than basic aspects of sex.

Klein's ability to get away with such visual sophistication is made possible by a visually educated audience, reared on pop videos and schooled in the language of film.

ing a kiss. In Spain the act was cut just before the tips met and the result turned a barely noticed moment into a

bedroom furniture, for instance, stars a glamorous—apparently female—model who turns out to be a man, Roberta Clote, the country's well known transvestite. Klein, who Day holds to be the high priest of erotic advertising, bas made sex work to his advantage. His US Obsession ads created outrege. Some Americans even cancelled magazine subscriptions in protest. Likewise his work for men's style underwear setting new boundaries but to the product, advertising is a key element. You buy the fume in this way. It must have glamon." However, visually sophisticeted ads are still the exception. "There's always sophisticeted ads around... but on the cutting edge we do obsession ads created outrege. Some Americans even to be getting more relaxed about sex. less head on about it," says Day.

But does it work? "To use sex deliberately es a means of tions in protest. Likewise his work for men's style underwear knife edge. If you use it overtly you'd better make sure it's for

"Less is now more and in the end sex is less about pulsating fiesh than what goes go between the ears," as Day puts it. He recalls a Martini ad featur-

How Castrol oiled its path BRITISH COMPANIES, by and large, have not done too well in Japan. Big Macs and Coce-Cola can be found outside almost eny major shrine or temple. BMWs are fast becoming the chosen

> fessionals. But most well-known British goods have yet to crack the notoriously difficult Japanese consumer market. This fact was known only too well by the UK-based Burmah Oil, which spent a fruitless 10 years in Japan selling very little About four years ago, bowever, Burmah started doing things differently. Today, in a small but encouraging way, Burmah has a profitable, growing Japanese business.

car of the nation's swelling ranks of upwardly mobile pro-

Exporting to Japan

Burmah, which now calls itself an international marketing company, made tts break into Japan with Castrol, its branded motor lubricant. While Castrol's story offers no magie formula for those who are keen to emutor those who are keen to emu-tate Burmah'a achievement, it does prove, once again, that there is nothing mysterious or impenetrable about Japan. Increasingly, it seems, those who do their homework and From 1982 to date. Castrol has pumped Y3bn (£11.8m) into make their investment can also

Castrol's story in Japan begins with Victor Good, direc-tor of Castrol in the eastern bemisphere, who has been visit-ing Japan for to years. An affable man, Good displays a

women in Japan.
"The trouble is, so many of to learn bow things work in Japan and then consider how to plug their products into the

joke takes the curse off personal confrontation. It says we have something in common. Now, what is it you wanted to sell strategy went into force in 1982. The \$1.5bn a year motor lubricant market in Japan is all but In advertising, as In life. we're gettiog to the point of accepting in our new maturity tied up by the Japanese oil companies and associated petrol stations. However, a market research survey showed that about 11-12 per cent of the mar-ket is covered by independent that sex, though utterly impor-tant is not really that serious. "And the advertiser who gets retailers, who stock euto parts

Carla Rapoport reveals Burmah's oriental patience SAY WHEN' GENTLEMEN

THE OIL CEREMONY

mechanics. It was this unaffiliarge sales service staff, each member of whom visits about 30 customers a week to ensure they By applying market research, Good says, "we found the only stocked. way to attack would be a con- But J sumer - oriented advertising programme which would pull demand through from the customers and get retailers excited about stocking the product."
After a test-market advertising blitz, Castrol went the whole hog and started a national campaign.

advertising, mostly on tele-vision, in Japan.

It worked. Sales, which had been stagnant for years at around 1000 tonnes e year, have affable man, Good displays a jumped to 7000 tonnes, worth mixture of curiousity, patienre about \$17m. Masahiro Hashiand old-fashioned good manners moto, president of Castrol's which seem to mark the successful foreign businessmen and sales of 15,000 tonnes a year by

Good had estimated that the us come to Jepan, take a quiek hew operation would break look and say this distribution even in seven years, but it system is for the birds. We can started earning money after teach them e thing or two, is three. Last year Castrol earned the usual attitude, "says Good. £65m, of which Castrol Japan On the contrary, he says, foreign accounted for £1m, he says. comparises should take the time. Three years ago, Castrol Japan to Learne heav things work in the contrary leaf. Castrol Japan to Learne heav things work in the contrary leaf. ranked last in Castrol's Eastern hemisphere sales league; now lt is fourth after Australia, South Africa and India.

Before the advertising cam-palgn, says Good, "distributors our idea of (profit) margins."

Now, thanks to the product's high profile, Castrol bas 5,000 outlets and finds that distributors are now eoming to Castrol rather than the other way round. Castrol Japan also has a

But Japan means more to Burmah than the consumer market for motor oil. For years, the UK company has had its eye on the large industrial oils market in Japan, The company would like to sell production oils, cutting oils and other industrial products to the Japanese industry both in Japan and in overseas production locations, says Good. To this end, Burmah spends Y25m a year to Sintain an "international motor liaison officer," who visita all the big motor manufacturers makes no sales, but simply intro-duces Burmah's technical people to contacts he bas made at the motor-makers. Burmah, Good says, is sharing its technical know-how up to a point, in the hopes of sales in the fulure.

lsn't this a frustrating way to do business? "It drives me nuls in terms of the length of time it takes to do it. I've been coming here for more than a decade and I realise nothing is easy here for the foreigner. But it can be a very worthwhile market in the end."

"Why do we pay attention to Japan? It's the second largest and retailers didn't know and and it would be ridiculous if didn't want our product, or lf we ealled ourselves an interthey did, they didn't undersland our idea of (profit) margins." and we weren't in Japan. We'd

Are you giving customers away to your competitors?

HOW could we have the gall to suggest you could actually be giving away customers to your competitors? To answer that, may we ask a few questions?

If somebody reads your ad or sees your commercial, and they are eager to know more immediately-do you make it easy for them: If you don't, then how long will it be before they see somebody else's commercial

orad? Fall in love with a competitor's product -and you lose them for ever. Once you have got a customer interested, how do you keep that interest alive? Do you do enough to discover what is going on in that customer's mind? Do you talk tn that customer, find out what turns him or her

on before somebody else does and capitalise on their interest? And here's a sore topic: what if the customer wants to complain? Should you make it easy - or difficult? Well, if you believe the secret of success in marketing is keeping your customers happy, the answer is simple.

For example, an FMCG company discovered only 40% of dissatisfied eonsumers complained by mail. Those who

You make it easy.

You probably spend more time, money and energy on advertising than ever. But when people see your ads, how easy do you make it for them to respond? And once they have responded how much do you do to retain their interest ... and, maybe even more vital, what do you do to keep your existing customers?

did were generally happy with the company's response. Those who didn't were likely to cease purchasing the brand.

A toll-free telephone number resulted in 90% of dissatisfied customers calling the company. It was more expensive. But over 90% of those callers were satisfied with the | For instance, a theatre ticket booking agency

company's response and continued to purchase the brand. The logic is obvious.

The Solution

The solution to problems like this is sitting on your desk. Although it's not new, it's the fastest growing marketing tool in the world today. It is the telephone.

A recent survey indicated that telephone marketing capacity in the U.K. has more than doubled over a 12 month period. Whilst in the U.S., the telephone is now the biggest single medium with a total of \$34.0 billion expended last year.

As the Financial Times observed recently: "Telephone marketing in Britain appears to be growing by leaps and bounds. At the forefront are British Telecom's inbound telemarketing service Telecom Tan and its outbound service, Telecom Telemarketing"

· Here are some facts about the telcphone and your customers:

MOST customers prefer the telephone.

rangtheir customers as part of a priority reser-

sex deliberately es a means of

communication is to tread a

if sex is used as a gratuitous

attention-grabbing device, self consciousness sets in. Embar-

rassment and put-downs lead to rejection which is not the object of the ad," he says. On the other hand, tastefut

sensuality, bumorous impli-cation, can work perfectly well because it takes the edge off embarrassment. To share a

e product that's relevent.

Remarkable results were achieved, producing a substantial 6-figure volume of new business. The cost of that new business: Less than 5% of revenue achieved.

BIG mail order catalogue companies find that 70% of customers, given a choice, like to order on the phone. It's quicker, it's easier. And, telephone operators can find out more about people'anceds and sell them more, once they're talking to them on the phone. We don't know of a business where this principle doesn't apply.

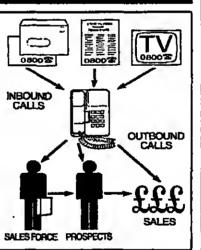
YOU should make it easy for people to talk to you because you'll learn more, and keep customers longer. Research suggests that every dirratisfied customer tells 11 people about the way he feels; whilst every happy customer only tells 3. If you make it easier for people to tell you they are not happy-and why-you can do something about it.

WHY do you lose customers? You know very well that it is much easier to keep a customer than it is to find a new one. Do you know why customers leave? Research conducted by McGraw-Hill revealed that the reason in 68% of cases was nothing to do with the quality of product or service, but quite simply that people felt "the company didn't care, and didn't communicate with them."

VOU go to great efforts to generate I interest in what you sell. Advertising spending, for instance, has been rising at a disproportionate rate in recent years. Yet once that interest and enthusiasm is generated amongst the public, what happens? All too often, you do not exploit it. Sometimes in the most obvious ways.

You can liken your relationship to your customers to marriage. There is a courtship. leading to a sale, followed by a honeymoon. But all too many of these marriages end in divorce. But, as in real life, if you talk and listen to your customers, that marriage will

And the telephone is such a powerful instrument for doing this-more powerful and personal than Direct Mail, yet far less expensive than the only other alternative,



The telephone should be a central element in your marketing mix.

Telecom's commitment to marketing

Here at British Telecom we have been committed to the use of the telephone for marketers for several years now. There is hardly an area within your husiness where one or other of our services cannot be of help.

We can show you how to encourage telephone response—to get more from your advertising spend. We handle the calls on your behalf, giving you an instant telephone

(And with services like LinkLine 0800. we make it even more appealing for consumers to respond to your ads - because it costs them nothing.)

We can show you how the telephone can be used in conjunction with other media like Direct Mail, TV, radio, or even press advertising and door-to-door to create a powerful synergy. Indeed, sometimes the telephone can produce sales from existing prospects after your other media have already done their jobs. We can show you how to use the tele-

phone for your prospecting. How you can build your customer lists. Get more from coupon response. Service your customers professionally, courteously, effectively. Without irritating them with hard sales pitches. What's more, the telephone is a power-

ful research tool. Our Research Shop, although it may not replace other forms of research, can give you a quick reading on key issues, enabling you to make quicker, more informed decisions-and often influence the directions of other, more formal research.

Responsive to your customers.

way they want to buy-not necessarily the way you prefer to sell.

They want information 24 hours a day. Not 12 hours a day. They want it now, not 3 days later. And they want a dialogue with you. For years companies have claimed that they give the customers what they want. Very often they were merely paying lip service to this concept. It was a sellers' marker, and the customer had to take what was on offer. This is no longer true. The customer really is in control more than ever before.

And the one way to recugnise the customer's power and to encourage him or her to deal with you is to make it easy to respond to your advertising. Moreover, the quickest way to find out what he or she wants is to talk -ask questions, get feed-back.

Whilst the surest way to keep your customer and protect your market, once again, is to talk. Let the customer know you care, because you do care.

If you don't take account of these factors, your competition surely will. Smart marketers know this.

In the last two years, the following companies have used British Telecom to help them in their relyphone marketing activities: American Express = 3i = Thorn-EM1 = Time Magazine = Comp-U-Card = Mars Group Budget Rent-a-Car = British Caledonian - Austin Rover - IBM - RAF - Harrods -Rank Nerox = National Westminster Bank

We'd be very happy to help you, too. Call us free to find out more on

British Telecom Telephone Marketing Services, 95 Ebury Bridge Road,

0800 400 400



Nothing sells like the personal touch

TELECOM

Thatcher attacks critics of tax cuts programme

Margaret Thatcher: Keeping

budget and of ensuring that re-sources were used effectively and

Public services should not be

measured by just how much tax

payers' money they took, but more by the standards of service they

provided. In a remark which could

provide some comfort for those ministers and Conservative MPs

callings for higher public spending

at the expense of tax cuts, Mrs

Thatcher said that both were possi-ble and had already been achieved.

"Some people talk as if there

efficiently.

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MRS MARGARET THATCHER, Prime Minister, yesterday mounted a fresb and fierce assault on critics calling for the Government to abandon its plans for further tax cuts. In a direct attack on those, in-

cluding some members of ber own Cabinet, who are calling for bigher public spending to take priority over tax cuts, Mrs Thatcher forcefully underlined her determination to keep faith with the 18m people on below average earnings.

They looked to the Government.

sbe said, to let them keep more of what they earned and saved. Caring, in its true sense, was about not overtaxing those who had to live on modest incomes and she was coocerned that they were still paying too much income tax.

The message, delivered to some of her most resolutely faithful supporters at the Conservative Womeo's Annual Conference in Londoo, was repeated by Mr Nigel Lawson, Chancellor of the Exchequer, who told the same gathering that the Government was "only half way" to a basic income tax rate of 25 per cent and that further reductions in the tax burden depended on keeping a firm control over public ex-

Mrs Thatcher, flanked by Mr Norman Tehbit, the Conservative Party chairman, and Mr Peter Archer, the deputy chairman, res-tated her belief in the power of tax cuts to stimulate the economy.

Lower taxes, she promised, would create more jobs and the wealth needed to sustain social services, as well as give people greater freedom to spend their money as they

She said the Government intended to stick to the principles of sound financial management of set-ment had consistently demonstrat-

and social services. The Opposition, she claimed, bad tried to drown the facts "in a flood of hostile propaganda." although the Prime Minister achievements had not been procaimed loud enough.

In a characteristically defiant defence of the Government's record on public spending, Mrs Thatcher pointed to higher spending on health, on defence, the police and pensions, and said it had fought battles and won ground which other political parties had feared to take.

"Some say the time bas come to relax. But success does not come to those who just want a bit of peace and quiet. That is not the way of this Government or of any responsible government, for Britain can never prosper through dodged decisions, fudged choices or lost direc-

Mrs Thatcher went on to outline what she described as the "four challenges of our time," which the Conservative Government now had to address. They involved the creation of more jobs, and improvement in education standards, including the rejection of political indoctrination in favour of true learning, the challenge of East-West relations and the challenge to society from violence and intimidation. On violence, Mrs Thatcher re-

counted the recent New York mugging of Lady Tucker and left ber political opponents in no doubt that FAIR TRADING DIRECTOR QUESTIONS 'MERGER MANIA'

Takeover policy to be reviewed

THE GOVERNMENT is expected policy, covering all aspects of company mergers and restrictive trade practices.

Senior ministers are looking to the review to deal in particular with two issues: the time taken by the Monopolies and Mergers Commission to deal with references made to it; and the impact that a reference can have on a merger bid.

It is felt by some ministers that the mere act of referring a bid, rath-er than the commission's recomendation or subsequent governmant decision, is increasingly being seen as a verdict. There is concern that the system could thus be deterring companies from following

through their bids.

The review, which will be con-

BY PHILIP BASSETT, LABOUR EDITOR

Motors are likely to try to buy the

remaining parts of British Rail's

workshops after the latest round of

iob cuts and closures. Mr Jimmy

Knapp, general secretary of the Na-

tional Union of Railwaymen (NUR),

told the House of Commons' all-par-

ty transport select committee yes-

Leaders of the NUR and the Con-

ducted internally but will involve this week to announce details of its outside consultations, is also ex-long-awaited review of competition pected to consider possible changes in the balance of scrutiny between the commission and the Office of Fair Trading.

> The intention to hold the review was first announced last antumn and opposition politicians have been critical of the delay in progress et a time of intense merger activity in the City of London.

Ministers believe, however, that existing merger policy has been working fairly satisfactorily. They contend that while decisions on mergers have not always been universally welcomed, they have been entirely consistent in their basis in competitive factors.

Aspects of the "almost hysterical" merger boom of the last six months were criticised yesterday

US COMPANIES such as General jobs since 1981 and a further 8,000 was that BR would no longer be

jobs were to go before March, 1989.

were not about cost-effectiveness

but were being made in advance of

privatisation. He told the commit-

tee: "It is another Landrover in the

Referring to the now abandone

Government plan to sell off parts of BL, be said General Motors was

one of the leading cootenders for

Mr Knapp said: "I am convinced

that US companies such as General

Motors will be in like a shot if they

get the opportunity to take over the locomotive manufacturing capacity

The net effect of the redoction

BL's truck division

of this country.

He argued that cuts of this scale

by Sir Gordon Borrie, director gen-eral of the Office of Fair Trading, Richard Evans writes.

In his annual report, Sir Gordon emphasised that in his view the public interest was being safe-guarded by existing rules on merg-ers. "The flexibility built into the system... was able to cope very well with merger mania," be said. But he expressed sympathy with those who doubted "wbether the frothy and almost hysterical merg-er boom ... was an entirely healthy

The substantial costs of mounting and defending bids had all to be met ultimately from the profits of the businesses which were bought and sold. These transactions, Sir Gordon declared, made heavy demands on management time and it bad been suggested that the con-

able to service its own trains, and

forecast that in future the board

would not have the ability to build

its own locomotives, but would have

Mr Knapp made e plea for more investment in the industry – he said government investment in the rail-

ways should be a third higher than

to rely on imports.

way's operation.

stant threat of takeover might bave an undesirable effect on companies strategic planning.
As well as criticising the broader

economic effects of the merger boom, Sir Gordon disapproved of some of the techniques associated

He said be had not been favourably impressed by the growing em-ergence of paid avertising which was providing very profitable busi-ness for the professional and finan-cial firms that advised on bids.

Sir Gordon, one of whose func-tions is to advise on whether proposed company merger should be referred to the Monopolies and Mergers Commission, stressed that takeovers were part of the competitive process. He would be the last to argue for extra protection for sleepy and inefficient manage-

deal with Pritchard HAWLEY GROUP and Pritchard Services Group will today announce details of an agreed takeover valu-ing Pritchard et a little over £150m and creating the largest company in UK office cleaning, David Goodhart

Hawley, which is registered in Bermuda and has grown rapidly in the service sector of both the US and UK, originally launched a contested one-for-one share offer for Pritchard on May 13.

Hawley in

takeover

Despite subsequent attempts by Pritchard to seek a "white knight" with the aid of the US merchant bank Goldman Sachs, and its most recent announcement of three minor divestments, Hawley bas looked well placed to win control. After making its first hid Hawley immediately bought 29.9 per cent of

Several bours of talks have taken place over recent days between Mr Michael Asheroft, chairman of Hawley, and Mr Peter Pritchard, chairman of Pritchard, and yesterday the companies jointly anshares pending an announcement.

It is understood that in return for a recommendation to accept from the Pritchard board, Hawley has agreed to supplement its original one-for-one offer, marginally boosting the value of the bid.

The Department of Trade and In-dustry (DTI) has persuaded the last month's announcement that Ministry of Defence (MoD) to part with radio frequencies immediately £15m to £10m on turnover of

stood to have agreed in principle | EUROPE's fast reactor club is and only a few minor details are making good progress in reducing outstanding. The DTT's Radio Regulatory Divi- costs for present day reactor syssion would only say yesterday that tems, the European Nuclear Con-

European electricity companies will pay for the design and con-Demand for cellular radio has struction of three commercial-sized been much higher than expected fast reactors, called Euro 1 in and it is regarded as one of the France, Euro 2 in West Germany, most successful aspects of Britain's and Euro 3 in Britain, under the Eutelecommunications liberalisation. | ropean fast reactor research and

vesting about £200m in their net. British designers believe they works. The 35,000th user joined the have liready whittled away to al-Racal Vodatone network yesterday most nothing the one-fifth extra while Cellnet, a subsidiary of Brit-capital cost formerly estimated for their reactor when compared with Britain's latest advanced gas-cooled

Heysham, Lancashire. pected to occur at the end of next | C HOUSE OF LORDS completed its longest sitting since the Second World War yesterday morning. Its in the country. Cellnet has recently spent £22m expanding its capacity in London.

debate on the committee stage of the Gas Bill finished just before 10 am after a sitting lasting 19 hours The new frequencies will mean and 38 minutes. The length of the Vodefone and Cellnet will have to sitting was made necessary bespend more on their networks and cause of the strength of Labour and

s. Another | which privatises British Gas. ☐ PROFIT-SHARING plans being considered by the Government will be outlined in a consultative paper next month, Mr Nigel Lawson, Chancellor of the Exchequer, said.

The plans to encourage profitsharing were first aired in Mr Lawson's hudget in March. He said that the aim was to encourage greater flexibility in pay with a view to re-ducing the need for companies to sack workers when their business declined, and to increasing overall levels of employment.

☐ REDIFFUSION Simulation of the UK, which makes flight simulators for airlines, has won a multi-million pound deal from Douglas Aircraft, part of the McDonnell Douglas group of the US. The deal is for a flight simulator for the MD-82 airliner for the People's Republic of

□ STOCK market investors are to be given an ombudsman to arhitrate on any disputes and complaints they have against stockbrokers. The Council of the London Stock Exchange has decided to ap-point the ombudsman as soon as possible so that he will be installed before the re-structuring of the stock market in late October. His terms of reference however have

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Rail leader predicts takeover bids Channels for radiophones

By Jason Crisp

THE NUMBER of radio channels for Cellnet and Vodafone, the cellular radiophone operators, is to be doubled in central London - the one gestion problems which can limit has grown rapidly in the service the size of the system.

to be increased

Mr Ray Buckton, general secre tary of the train drivers' union Aslef said that there were far more breakdowns, far too many trains below the band where the two net £412m. Hawley made pre-tax profit works are now operating.

of £33m on turnover of £39lm in late and far too many people

The MoD, which does not use the 1985. "packed in like sardines" because of frequencies in London, is underfinancial restrictions on the rail

exploratory discussions were tak gress was told in Geneva.
ing place with another government European electricity of

department

The two companies are each investing about £200m in their net-

ish Telecom, has about 36,000. The decision to give the networks more frequencies is intended to re- reactors nearing completion at solve the congestion which is exyear, when there will be nearly 200,000 car and portable telephones

it is expected to add about 625 to Alliance opposition to the Gas Bill, snag is that existing radiophones will not be able to use the frequen

Both networks have recently urged the Government to give then an additional 400 channels which have been reserved for a pan-Euro pean cellular radio system which is not expected until the early 1990s. These are immediately above the 600 channels allocated for the existing service.

The DTI was reluctant to do this because it might weaken British efforts to participate in the pan-Euro

The move to seek to use military frequencies – giving about 700 chan-nels – was taken by the DTI's Radio Regulatory Division which has close links with the MoD.

The two network operators are divided on the desirability of the

Mr Chris Gent, managing direc tor of Racel Vodafone, says there may be technical difficulties in getting the mobile telephones to cover such a wide spectrum.

Mr John Carrington, chief executive of BT Mobile Communications, said this week be would like to use other frequencies. Cellnet no longer wanted the pan-European frequen-

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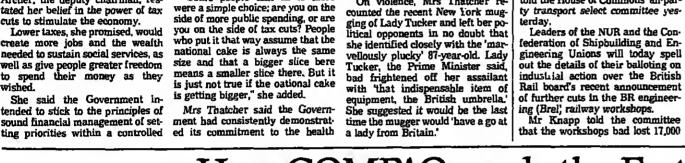
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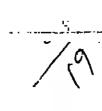
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UK NEWS

Hawley Ruling on takeove damages deal will Pritchan

There is a second

may not be challenged

By Raymond Hughes

A COURT raling that has exposed trade unions to damages claims from people affected by unlawful industrial action seems likely to go

A solicitor for the National Union of Railwaymen (NUR) and the Associated Society of Locomotive Engineers and Fireman (Astef) said yesterday that it was "extremely unlikely" that they would appeal against a ruling by Sheffield County Court last month that they must have £153 damages to a men who pay £153 damages to a man who was stranded in London because of a 24-hour rail strike.

When Judge Henham gave his judgment on May 7 it was anticipat-ed that the two unions would chal-lenge the decision in the Court of Appeal and, if necessary, up to the House of Lords, because of its implications both for themselves and

It is likely that tactical consider ations have caused the NUR and Aslef to change their minds. Not only was there no certainty that they would succeed in overturning the ruling on appeal, but a decision against them by the Appeal Court or the Law Lords would have much ater future impact than that in the County Court.

Rulings by the higher courts would be precedents binding on courts in any similar cases; that of Judge Henham binds no other judge, although it might well have considerable persuasive force.

The rail unions may be hoping that, if it is not appealed, Judge Henham's decision, unreported in any of the official law reports citable in court, will disappear from

Even if it does, it may not happen soon enough to help the Union of Communications Workers. Lawyers have been getting inquiries from people affected by the recent unoffi-cial action by postal workers, asking if they can take advantage of the Sheffield ruling.

The ruling has, almost certainly, put a hitherto unsuspected power into the hands of members of the public by establishing that they can go to court and recover damages for any loss they can prove was caused

Lawson says Britain to press for EEC reform

BRITAIN will be pushing for re-form of the basics of the European Community during its six-month presidency, rather than spending time on details. Progress towards achieving the completion of the in-ternal market and steps towards the reform of the Common Agricultural Policy (CAP) are seen as the

major topics.
Mr Nigel Lawson, Chancellor of the Exchequer, gave this message yesterday to the monthly meeting of the National Economic Development Council, on which govern-ment, employers and unions are represented. There was considerable support at the meeting for the main thrust of Government policy

This was due largely to the announcement by the Trades Union Congress (TUC) that it was conduct for a careful approach on the large Spain and Portugal.

Mr Clive Jenkins, repre the TUC - which was against Britain joining the EEC - expressed strong support for the Govern-ment's efforts to reform CAP, described by Mr Rodney Bickerstaffe. of the National Union of Public Employees, as "a sick and expensive joke in a starving world."

A more cartious stance was tak-en by the unions on the implications of EEC policy towards freeing the capital markets. Mr Jenkins, the general secretary of the white-

ing a reappraisal of its position on changes in ownership and control the EEC after the accession of of industry as Europe became more cohesive. He asked specifically for a sensible policy on mergers.

by the TUC at the slower rate of growth in the EEC than in other developed regions. It called for a more interventionist industrial policy at an EEC level based on a sectoral ap-

The Government's EEC policy ly in relation to the internal market

Shipping lines to share container capacity across north Atlantic

pag-Lloyd of West Germany have Trafalgar House, agreed to share container capacity

The page 12 mill

London and Hamburg yesterday, is an attempt to counter excess con-tainer capacity on routes between Europe and the east coast of North

ACL also confirmed yesterday its intention to lengthen its five thirdgeneration container vessels. These

ATLANTIC Container Line and Ha- January last year. Cunard is part of

The vessels will be lengthened by on each other's vessels on the north
Atlantic.

The agreement, amounced in
Each vessel will be able to carry the equivalent of up to 800 more con-

The lengthening is to increase the options for ACL's future employment of its four first generation vessels.

ACL is a partnership of six Euroinclude the Atlantic Conveyor, built at Swan Hunter on the Tyne for Curard to replace the ship of the same name lost in the Falklands conflict.

The vessel had its maiden voyage in Transatlantic Shipping of Sweden;

Transport of the Netherlands.
Hapag-Lloyd is the largest ship-

ping company in West Germany, al-though its vessels account for only 30 per cent of the company's busi-

Mr Bengt Koch, the president of ACL, said the agreement with Hapag-Lloyd was a "fundamental change in our trade and for the two

tionalise schedules on the north Atlantic burn less fuel, have the free use of each other's containers and to operate as one unit when dealing with suppliers of services such as stevedores."

BY HELEN HAGUE, LABOUR STAFF

THE DEADLINE set by Mr Rupert sacked for going on strike over the Murdoch's News International for company's move to a new printing acceptance of its – "final offer" – to works at Wapping, east London its 5,500 sacked print workers expires tomorrow.

tion and the company's old printing row. plant and offices in Gray's Inn Road, London. The workers were sacked members at a mass meeting it to be close.

is 5,500 sacked print workers ex-bires tomorrow.

All three print unions involved in the dispute - Sogat 82, the National News International, which pub-Graphical Association (NGA) and lishes The Times, Sunday Times, the Amalgamated Union of Engi-Sun and News of the World, has of-fered a total of £50m in compensa-pleted beliots on the offer by tomor-

The 192 sacked engineers vote to

Sogar, representing the largest number of sacked workers, will complete a secret postal ballot by 5pm today and the result is expect



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Channel Tunnel Bill finds way through parliamentary maze

BY MICHAEL CASSELL

President François Mitterrand of France met in February to put their signatures to the Channel tunnel treaty, the French bave watched mounting incredulity as Europe's biggest civil engineering project has become bogged down in a uniquely British procedural quag-

s, has at times beer blocks have frustrated the passage of legislation designed to turn a political dream into a £5.5bo reality

Today, the Channel Tunnel Bill will have its second reading in the House of Commons, but only after negotiating a maze of perplexing parliamentary rules and regulations rarely employed at Westmin-

close to endangering the entire sters have attempted to

construction of a fixed link between mination in Paris and London has since seen the political ground-work move forward at a pace which Howard. He, as Trade and Industr were being denied the right to state ernment their case.

In rapid succession, the Government has announced the AngloFrench tunnel plan, launched a many people and organisations competition to find the construction were opposed to the projection on consortium, evaluated the bids, picked the winning team and start-

ed the legislative programme, From the outset, ministers de-cided oot to hold an inevitably long drawn-out public inquiry, which could have stifled the fresh political They chose instead to opt for a hyflect the unique characteristics of jectors the chance to protest to a special select committee set up to

As an essentially public bill affecting a range of private interests, most noticeably those of landown-ers in Kent, south-east England, the by ministers to be the most appro-priate route. But the timing of the Anglo-French agreement meant tunnel, the Anglo-French consor-tium picked to build the twin 50km rail tunnels under the Channel, said parliamentary calendar and it im-mediately fell foul of the rigid or May next year. Investors confitimetable laid down for hybrid busi-

Special dispensation for the timetable to be suspended, so that the bill could proceed, had to be the Commons standing the Commons standing struction programme. orders committee, which bad not Leading opponents of the tunnel, previously had to consider the fate like Mr Jonathan Aitken, a Conserof any late hybrid bills since 1955.

EVEN SINCE Mrs Margaret through parliament, allowing an

Faced with a choice of letting the

tending the petitioning period, the the middle. Mr Harold Walker, the For the first time since 1920, the

failed to decide on whether to suspend the orders governing parlia-

from Mr David Mitchell, Transport Minister, that the Government was titioning period by an extra 10 days to June 27 - making 10 weeks in all

Mr Peter Shore, who led the Lapolitically controversial as it is tech- criticism of the tunnel project itself said the bill should be reinstated in November, so that opponents could be given a full and fair hearing.

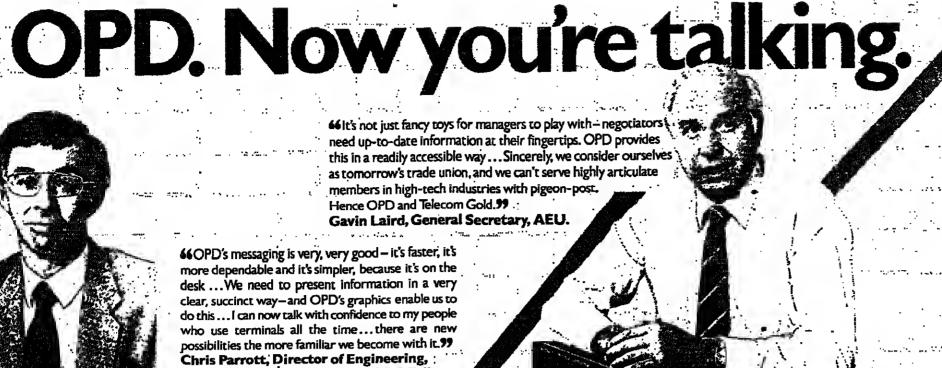
has been coodemned by British op Undersecretary, was unable in ponents of the tunnel and even by voice his direct criticisms, as MP He did so through Mr Leon Brit-

tan, the former Trade and Industry

Today's second reading should fi-oally divert attention away from the procedural niceties of the Chanthe bill is back on course. But there could still be problems ahead before the bill wins Royal Asseot, construction work can get under way and plans for a suitably grand opening ceremooy in mid-1993 can

Lord Pennock, chairman of Eur or May next year. Investors' confidence, he emphasised, would be boosted by today's second reading and any minor delay in a start to

vative MP for Kent, believe that the Opponents of the tunnel project, including local MPs, ferry companies and trade unions, seized their opportunity to press home their claim that the Government was attenuiting to starting the bill. tempting to stampede the bill way," he says



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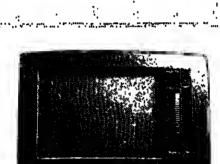
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Gavin Laird, General Secretary, AEU.

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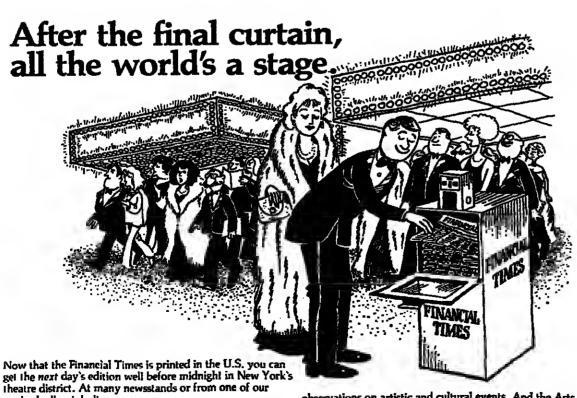
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UK NEWS

Unionist spirits lifted by Anglo-Irish impasse

GIVEN the past winter of door and while the agreement remains in dling of earlier demonstrations aften violent opposition to the Ang-place, has apparently accepted the when many RUC families were atlo-Irish Agreement, and the pros-pect of an equally turbulent summer ahead, there is a curiously up-beat mood among some Unionists in Belfast at the moment.

After six months of living with the agreement which gives Dublin a say in the affairs of the province, the Unionist camp suddenly seems buoyed by the realisation that the accord has not achieved very much. Loyalists have seized on this as evidence of the success of their cam-

paign against it.
"Our opposition to the agreement has been far more effective than any of us would have imagined six months ago. It has not taken root. The Anglo-Irish agreement is on the way out," declared Mr James Molyneaux, leader of the Official Unionist Party (OUP), to great ap-plause at a meeting on Monday

The well-attended gathering, which was part of a series across Northern Ireland held by Mr Molyneaux and the Rev Ian Paisley, leader of the Democratic Unionist leader of the Democratic Unionist
Party (DUP), struck the onlooker in
a number of ways. With its Bible
readings, lack of public address system and singing of God Save the
Queen, it illustrated the old-fashioned nature of Unionist politics. It
rang with laughter as Mr Molyneaux and Mr Paisley laced their
speeches with jokes and hanter.
The meeting also had a strangely

The meeting also had a strangely unrealistic air because it seemed oblivious to the political impasse and paid no heed to the tensions which have existed within the OUP-

......

impasse for the time being. It has tacked by Loyalists.

signalled its intention very shortly to dissolve the Northern Ireland Assembly, elections to which in the prospect of progress towards devo-

Ministers insist that this does not imply that they have given up any hope of all party agreement on devolution, but they do say that the time is not ripe even to make a judgment on how to proceed to-

Nor does there appear to be any sign of concrete measures of the type advocated by the Nationalist community as a result of the Anglo-Irish conference before the autumn. The concern is, in the words of one Northern Ireland minister, "to hold the line" against anticipated Loyal-ist violence over the summer."

of Protestant commemorative marches before and after July 12, when Unionists celebrate the victory of William of Orange over James II at the battle of the Boyne in 1690, has been seen by all sides as a crucial test of will that will dictate the course of events afterwards.

This is because Loyalists have de-

clared that they will not accept any police rerouting of traditional marches away from nationalist areas which they regard as a direct response to pressure from Duhlin. The Government, equally, cannot afford to give way to such a challenge to its authority.

Stuck in the middle is the pre-

dominantly Protestant Royal Ulster Constabulary (RUC), which will

resumption dismissed By Stefan Wagstyl

Last year, the RUC rerouted only 15 out of nearly 1,900 parades and banned two, but in subsequent clashes 260 officers were injured. This year, a similarly small number may be objected to, but any rerout-ing will raise tempers.

Mr Peter Robinson, deputy lead-

er of the DUP, says rerouting must be opposed but not necessarily through violent clashes with police. That, said a senior member of the paramilitary Ulster Defence Association, was wishful thinking.
The UDA believes that the at-

tacks on the RUC in March and April had the biggest effect in slow-ing down implementation of the Anglo-Irish agreement and that the force is still susceptible, despite of-ficial insistence that it will not

are organised by traditional groups such as the Orange Orders and the Apprentice Boys, it is the paramilitaries and groups such as the rela-tively new Ulster clubs, a province-wide Protestant fundamentalist organisation, that are likely to be at

the sharp end.
Opinion in the province differs on to how hot the summer will be, but the answer seems to be being left up to the hardliners to dictate and will depend on how much support they can muster.

Certainly, for all their upbea

company with interests in the Ni-gerian tin industry. He also centrols Blue Bird Confectionery of Birstatements, the two Unionist par-ties appear to be as governed in their options by what may happen on the street as are London and Dumingham, and has other interest in trading and property.

The three Cornish tin mines for which the Rip Tinto-Zinc natural re-DUP alliance.

Constabulary (RUC), which will blin. The street politics which is come under severe pressure as it successful and they all bloody well unionists refusal to enter any talks.

Constabulary (RUC), which will blin. The street politics which is successful and they all bloody well did in March and April over its han-know that, the UDA man said. sources group is seeking govern-ment aid are "potentially more vi-able" than the Geevor mine, according to Mr Paul Channon, Trade and Industry Secretary, David Brindle

> Government needs to look quickly at "the whole issue of Cornwall and what can be done."

Hopes of

Geevor

MR EDWARD NASSAR, who this

week joined the board of stricken Geevor Tin Mines, yesterday said that it was unlikely that the mine

would resume production in the

Geevor on Tuesday postponed a decision to stop maintenance work and permanently close its mine af-

ter Mr Nassar was elected a direc-

tor. The board intends to mee

Mr Nassar, who bought a 18.8 per cent stake in Geevor in February, yesterday dismissed hopes that the

elay indicated that the company

might restart mining. It ceased pro duction in April, laying off most of its 358 workers, after it plunged into

loss in the wake of the fall in tin prices which followed the interna-

Mr Ken Gilbert, Geevor's deputy

fight to win government aid for the company, said that the group was now looking at any possibilities of preserving its assets.

It might be possible to earn enough money from tourism to cover some of the maintenance

small tin mining museum. Mr Nesser, who is based in Swit-zerland, is chairman of Jantar, a

ts, he said. Geever already has a

chairman, who led the unsucce

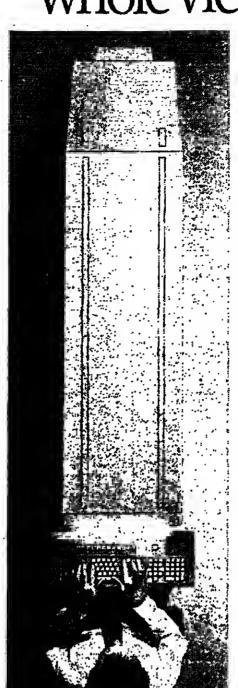
again tomorrow week.

near future.

Mr Channon's comments indicab that the Government is concerned at the social and political conse-quences for Cornwall of the international tin crisis and is looking more favourably on the RTZ aid applica-tion than it did on that of Geevor.

However, the minister stressed that he was not raising hopes of approval of RIZ's bid for assistance for the Wheal Jane, South Crofty

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Robin Pauley examines Australia's beleaguered economy

Caught in a series of interlocking traps

THE AUSTRALIAN economy is poised like a surfer skimming a giant curling wave: it will either gracefully ride out the current foaming crisis, or it will be overwhelmed and, like the surfer, crash over in a "wipe out." There is no middle way.

The economy has registered one of the fastest growth rates in the OECD area in recent years, but is also deeper in real crisis than most other OECD

The country is an endless list of such paradoxes: a huge land or such paradoxes: a nuge land mass with a tiny population, a high-wage economy with low productivity. Third World balance of payments problems coupled with the most sophisticated First World financial improvations. innovations
Nobody is clear in the debate

about whether the most likely course for the economy will be to become competitive with the super - efficient competitor nations of Asia or to slump to the irredeemable depths plumbed by the Argentine

In recent times, the citizens In recent times, the citizens have been warned by a leading industrialist that they risk becoming the poor white trasb of Asia and by their increasingly anxious Labor Treasurer, Mr Paul Keating, that unless they understand just "what sort of an international bole Austratia is in" the country will quickly become a banana republic.

These dire warnings appear to be received with a good deal of arm's length scepticism, how-ever. Australia has, after all been in deep boles before in both the 1930s and 1960s and something has always turned up – hence the nickname "Lucky

Country."
But the something has been an upturn in commodity prices or the discovery of new deposits of mineral wealth for which the world was clamouring.

The result bas been that the The result has been that the Australian economy has relied ever increasingly on its commodities—natural resources and primary agricultural products—and has become something of a single sector economy. The world demand for all these products is shrinking and prices have tumbled accelerated by

Currency Movements (Australian Dollar) arch artist 1/100 against Yen

tected by tariffs and barriers, only 5.5m is a remarkable and a highly paid, rigidly achievement, though masked by unlonised workforce have left the fact that the rapid rise in the country in a weak position the size of the workforce has to make rapid structural adjustments to the change in its barrely fallen.

Minister, and Mr Keating moved early in the life of the

Instead they have moved on all fronts aeparately: a tightly restrictive monetary policy has been used to thruttle off the growth which was threatening to overheat last year. Unions bave been pulled into accords bave been pulled into accords which have cut the growth in real wages in return for supply-side initiatives like tax cuts.

The Australian dollar bas been foated and has depreciated rapidly, particularly against the US dollar and the Japanese yen.

The policies have so far not been enough and the new erisis hinges on a current account deficit which has continued to widen against all expectations.

But that is not to say that there have not been some not-able achievements since 1983, have tumbled, accelerated by the oil shocks. Although it is a major supplier of such products Australia bas always been a price-taker rather than setter living standards which previand bas been unable to mitigate ous prosperity had delivered. the effects of the price falls.

A lack of entrepresential have been created, which in a and trading spirit in the country with a population of country, industries heavily propour in. The balance of payments would come under con-trol, and external debt would fall back to less worrying fall back to less worrying levels. So the theory went.

Mr Keating warned that it was vital that the benefits of

ments to the change in its fortness.

The slow rise in wages was accompanied by rapid growth in Minister, and Mr Keating moved early in the life of the Government to open up the economy, particularly through financial deregulation, accepting that this would make it macro-economic performance more difficult to attempt centrally planned control of the entire economy.

Instead they have moved on all fronts asparately: a tightly controls.

The slow rise in wages was accompanied by rapid growth in output, a sustained revival of corporate printability and falling inflation. So both fiscal properties were two bighly successful years of macro-economic performance and Australia seemed to be recovering from the trauma of the early 1980s recession better than many other industrialised countries. the currency depreciation were not lost by being passed straight tornugh in money wages. The continuation of the pay accord stopped this bap-pening; wages have risen by under 4 per cent in the last year while consumer prices have increased by more than 9 per cent, so much of the depreciation has usefully acted as a corrective to price countries.

However, trouble was quickly storing up. Australia had been sustaining much of its recovery through borrowing and the private sector, deterred by bigh domestic interest rates, bor-rowed beavily abrnad. Net ex-ternal debt soared from A\$7.3bn in 1980 (6.3 per cent of GDP) to A\$52bn (25 per cent of GDP) in 1985.

Consequently, the terms of trade continued to deteriorate and the country's current account deficit began to look unmanageable. Growth accelerated, through largely due to soaring consumer demand soaring consumer demand which was satisfied by great in-

that are a precursor to new own basic industrial found-

present a new budget in August: the unions are getting resiless as their side of the pact fails to deliver either major invest-ment or falling unemployment; income tax cuts and pension arrangements promised in return for the pay pact are imminent at a time when the economy is least able to absorb them and, worst of all, the trade situation continues to deteriorate.

The current account deficit

rose fram A\$6.4bn in 1982.83 (3.9 per cent of GDP) to A\$7.3bn in 1983-84 (4 per cent) and A\$10.3bn in 1984-85 (4.9 per cent). In the current year, to get tighter in the August which ends at the end of Junc. Budget from which Mr Kearthe restrictive policies were supposed to contain the deficit at A\$10.75bn which would have grammes to reduce the Governmeant it declining as a propor-

meant it declining as a proportion of GDP.

In May the Treasury came to the gloomy conclusion that the outturn would be a deficit of around A\$13bn to A\$13.5bn and so increase agalo as a proportion of GDP to nearly 6 percent which is not sustainable.

Mr Keeting's "banana repub.

meant deficit to just under 2 percent of GDP.

A new pay pact and more supply-side income tax concessions are all that is likely on the labour front, neither the unions nor the employers believing in the feasibility of a market free for all labour. Mr Keating's "banana repub-"comment was prompted by

the announcement of unexrelativities. He also warned that it would pectedly bad trade figures for April which took the total deficit to A\$12bn for the first be some time before the trade slide benefited from the devaluslide benefited from the devalu-ation effects because of the typical time lag involved. As a result Australia became probably the only nation in the world where the daily chat was about the J-curve, the economic representation of the upturn in trade and current account 10 months. So imports and payments on the massive external debt were still far outstrip-

ping exports.
"If we fail Australia's basically done for. We'll just end up being a third-rate economy," e said. Unless government spending

after a lagged alide following slowed, imports fell and manu-facturing investment picked up But it bas not appeared.
"Who will put the curve in the
J?" asked the National Australia Bank. "Where is the
J-curve? We can't wait for
ever," sald Simon Crean, leader
of the trade unions.
While forming investment did the only way to deal with the payments deficit would be to close the economy down,
"You cut all the growth to

soaring consumer demand which was satisfied by great inhalations of Imports. International confidence in Australia's ability to pull itself into non-inflationary growth evaporated.

The resulting sharp devaluation in the dollar should have been good news for the been good news for the economy. Exporters would benefit, imports would reign (encouraging companies to invest) and foreign investment would and foreign investment would and foreign investment would and foreign investment would signs within the components of the trade unions.

The resulting sharp devaluation in the dollar should have been good news for the manufacturing industry and new sources of internal prospective wealth did not stability would reign (encouraging companies to invest). There are latterly, bowever, and foreign investment would signs within the components of the can't wait for can't wait for ever, said Simon Crean, leader of the trade unions.

While foreign investment did not make it this time we are unit to the country from certain, as Mr Hawke and ing profits and unemployment rising fram 8 per cent. "If we don't make it, this time we are, will nake it, this time we are, will nake it, this time we are will nake it, this time we are, said Simon Crean, leader of the trade unions.

While foreign investment did not make it this time we are will nake it, this time we are will not be the Internetve? We can't wait for ever, said Simon Crean, leader ing "You cut all the growth to being all imports grow hicentenary; but it is still lar from certain, as Mr Hawke and ing profits and unemployment rising fram 8 per cent. "If we don't make it, this time we never will make it, this time we never will make it, this time we never will not be the Internetve well unions.

What he did not say was that a further belp, both to exports and in forcing internal living buck finally gives out.

The obove article opens in that form certain, as Mr Hawke and ing profits and unemployment rising fram 8 per cent. "If we don't make it, this time we never will make it,

imports that business is starting to bring in the type of in 24 hours, its higgest tumble semi-finished maoufacturers yet.

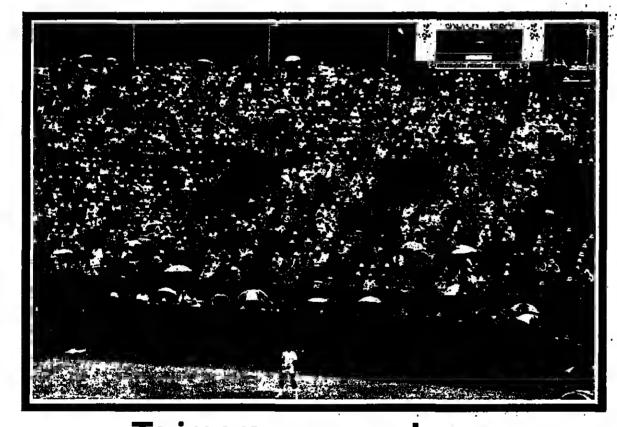
The trouble with further that are a precursor to new the trouble with further investment in a country not devaluation is that it can herald generally able to produce its more inflation, encouraging stranger wage demands at a time when the pay accord is In a sense, Mr Keating is run- already looking shaky. These ning out of time. He has to in turn wipe out the gains in competitiveness achieved during the years 1983 to 1985.

This would trigger more up-ward inflation, interest rates and bankruptcies on the welltrodden South African path. In short, Australia is caught in a series of interlocking traps from which the only possible escape now seems to be faster non-inflationary growth spurred by new growth sectors and backed by tight fiscal policy, falling wages (and therefore living standards) and

a more flexible and responsive labour market.
The tight fiscal policy is due ment delicit to just under 2 per

The most promising new sector and foreign currency earner is tourism. The cheap Australian dollar, spectacular beaches and scenery, cheaper and faster inter-contineotal flights all make it a potential tourist gold mine. The widespread cancellation of tours and conventions to Europe because of terrorism cannot be capitalised on instantly because there are neither the beds nor the tourist infrastructure to cope. But tourist investment is beginning and the cheaper currency is gradually starting to bring in larger numbers of Americans and Japanese.

There will undoubtedly be a tourist boom in 1988, Australia's



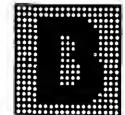
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UK NEWS

Glaxo to sell products made by | Computer -Japanese drugs company

pay accord stopped this bap-

devaluation.

company, in the UK and Ireland. Takeda, a strongly research-

of its new products available to Glasso for the UK market. Glaxo said the drugs would be in the four areas of cardio-vascular, gastro-in-testinal, anti-allergy and neurologi-

cal drugs.

Glaxo is strongly represented in the first three areas already. Its heart drug Trandate is sold on the

Trade union

chief faces

GLAXO, the UK drug company, is to market products from Takeda, and Glaxo also market products from Takeda, kets the heart drug Acepril, from Takeda's viewpoint the US drug company Squibb, in move underlines to make the terror to the US drug company Squibb, in move underlines to the terror of the

Glazo has the remarkably successful ulcer drug Zantac in the gas-tro-intestinal sector. This is in contention as the biggest-selling drug in the world. It also has e number of drugs in the anti-allergy field, no-tably the anti-asthma drug Ventol- keting arrangements in recent

those sectors and also has a new drug, code named CV 2619, to treat senile dementia, an area in which

expansion of the Japanese drug in-dustry into overseas markets. This is based on a rapid improvement in still a net importer of pharmaceuti-

The agreement is the second of its type signed by Glaxo. A year ago it concluded a deal with the Japa-

loss of office By David Thomas

MR JIM SLATER, general secre-tary of the National Union of Sea-men (NUS) could be the first gen-eral secretary of a union to lose his position because of the 1984 Trade Union Act.

This is e possible consequence of a decision by the NUS conference in Liverpool yesterday to throw out a proposal to strip the general sec-retary of his vote on the union's ex-

Under the 1984 act, all voting members of a union's executive have to be elected by an individual membership ballot at least once every five years. Mr Slater was elect-ed by an individual membership ballot in 1974.

NUS officials in Liverpool yester-day were interpreting this to mean that there would have to be an immediate ballot of the membership to choose a general secretary, though the union's executive will meet on Saturday to decide exactly on what course of action to take. However, if the union does decide

to call an immediate ballot, Mr Slater would be debarred from standno one over the age of 60 is allowed to stand for the post of general secretary. Mr Slater is 62.

During the passage of the 1984 Act, an amendment was inserted excluding full-time officials over 60 from the election provisions of the act on the ground that they would find it difficult to get alternative epployment. However, that exclusion applied to officials only if they

Television criticised for industrial coverage

BY HAZEL DUFFY

TELEVISION journalists and much of British industry were condemned. yesterday for the way that they

Mr John Davidson, director of the Confederation of British Industry Scotland, told a meeting of media representatives and industrialists in Belfast that at times British broadcasters used television in a manner "similar to a Gadaffi-type system." He claimed that influence of the viewers, distortion of infor-mation and sometimes manipula-tion of the outcome of the issues were typical.

He accused many television journalists of being poorly equipped to undertake effective coverage of industrial issues and many reporters of being inadequately prepared and lacking up to date briefings on the major issues they were required to

As an example, he said, "Many broadcasters presume that companies can take on labour or avoid recost involved and the ultimate threat to the jobs of every other em-

dustry's role in reducing unemployment was most noticeable in televi ment was most noticeable in televi-sion's approach to new technology, Mr Davidson said. "The 'gee-whizz' response is matched by the jobs-loss syndrome, neither of which is of much help in assisting the public to understand the significance of a new product or a more advanced

The fault, however, lay even more with industrialists than with sters. "Far too many firms still see themselves as part of a close-knit Victorian community where the need for explanation and elucidation of industrial issues is

Contract awarded for fuel plant ing planned which will increase capacity to 200,000 contracts by the end of 1987. BY LYNTON MCLAIN

Carves, the process engineers based at Cheadle Hulme, Cheshire. The £10m coal liquefaction plant is to be built on land next to Ayr Colliery, near Holywell, North

Wales, as part of an experimental liquefaction programme that will eventually cost the NCB £35m.

Fairclough Civil Engineering started building work on the site in

THE NATIONAL Coal Board (NCB) January. The liquid solvent extrachas awarded a contract for its first thon process for liquefying the coal plant to liquefy coal into petrol, jet was developed by the NCB at its refuel and diesel fuel to Simon search laboratories in Gloucestersearch laboratories in Gloucester-shire. The Ayr Colliery pilot plant is to be designed to process 2.5 tonnes of coal a day into a range of liquid hydrocarbon fuels.

system at exchange defended

SIR NICHOLAS GOODISON change, has attacked critics of the exchange a computer systems who have been forecasting disaster when the market is restructured in

In the 12 months to the end of May, be said, Topic - the ex-change's information dissemination an average of only 35 minutes a month, which showed it was 99.65 per cent reliable. In the previous year, the average time out of action

These figures put some of the recent lurid comments on Topic in perspective, said Sir Nicholas. Public comments which have cast doubt on our reliability have been misleading and unfounded."

He added: "I am confident that, despite the problems we are exper-encing at the moment, which are understandable in a period of such radical change to our technical sys-tems, we can cope with the de-mands of the new market after Oc-

would have to be devoted to improve ing the data capture system intro-duced in March, which is relied upon by dealers in the traded options market. A system failure led to the loss of an entire day'e trading in March.

Sir Nicholas said the deficiencies had been remedied and the system's capacity was being expanded contracts n day by October.

In recent months the daily aver new options clearing system is be-

The exchange's annual report for the year to March 24 1986 shows an equipment and on development projects, from £10.6m in 1984-85 to £33m in 1985-86.

The extra expenditure is being fr nanced partly by an issue of loan stock in March and partly by a turn-By the end of the century more round in the exchange's profitabilithan 10m tonnes of coal a year ty. A deficit of £358m before intercould be used in the UK for the pro-duction of transport fuels, if the li-1985 was transformed into surplus

traps

London galleries/William Packer

Portraits that capture the prizes

The contemporary portrait of one kind oc another is celebrated, if celebrated is quite the word, in several exhibitions current in London, to say nothing of the sprinking of such things that is always to be found at the Royal Academy through the summec. The most interesting of these shows, bowever, is not ostensibly of portraits as such, but simply of paintings that take the study of the buman head or figure as their subject.

In his work, Stephen Finer lat the Anthony Reynolds Gallery, 37 Cawper Street, EC2 Gallery, 37 Cawper Street, EC2
—just by Old Street Station;
untit June 29) deals not with
bare formal descriptian, nor
with the fixing of particular
identity, nor the suggestion of
character, but with something
certainly mare general and
perhaps more psychatagically
profound. In confronting these
images, we may nat recognise
the sitter nor even at times pick
aut the eyes or nose ar mauth. sense of physical human pre-sence could hardly be stronger. Odder and more contradictory still, that presence grows ever mare particular under consider-

The paintings are nat large but they are dense and beavy with matter, their surfaces worked and reworked, layer upon layer, inta a thick impasto. Each successive skin of paint, laid an with vigorous simplicity and directness, daes not so much cancel and obscure as suggestively suppress what lies heneath, the whale kept active in the imagination if not the same the week is amphatically eye. The wark is emphatically mare tonal than chromatic. much of it in actual monochrome, dark and brooding, by which it achieves a sombre, impressive heauty.

in his painting, standing in that English tradition that goes back through Frank Auerbach and



Golden Wedding, Ivy Smith's prize-winner in the Portrait Award 1986 Exhibition

seems popular enough for the commissions pour in and Society flocks along ta the private view to see itself in its own image.

distinguished as any painter af his generatian. But his expressianism also casts wider resonances, for there is to it more than a hint of surrealism and further European cannotations.

The influence of Erroris and the kind at things, overall it is an problematical at the kind at things, overall it is such as John Ward. Ken Howard and William Bowyer, still presented the such as the kind at things which gives and William Bowyer, still presented the such as John Ward. Ken Howard and William Bowyer, still presented the such as John Ward. The influence of Francis Bacon is clear enough, and something too of Dubuffet, but in the quiet concentration of the work and its intensive scrutiny, and almost obsessive endless re-working of the face and head, It is perhaps Giacometti who comes most to mind, and more in his character as sculptar than There is nothing remotely like

Ta be fair to the society and its president, David Poole, who is actively seeking to restore something of its credibility, any Finer's wark to be found at the Mall Galleries, where the annual exhibition af the Royal Society of Partrait Painters

show far thaugh it includes a tion. But with active members of fair number af good and even that other revitalised Academy, excellent things, overall it is such as John Ward. Ken Howard the kind af thing which gives modern sai disant portraiture pared ta show and members auch a bad name. And yet it such as Daphne Todd, Trevor seems popular enough for the Willoughly and Poole himself. such as Daphne Todd, Trevor Willoughby and Poole bimself ta form a nucleus, much may be achieved in a very short

In particular the example and success of the John Player Portrait Award, now so well established a fixture at the National Portrait Gallery, should not be lost an the Rayal Society, fin a few short years it

young artist. Indeed the society should already be in the habit of canvassing every young artist in the show, and surely there can he no reason wby a special invitation should not be xtended regularly to the happy winners to show the following

engagement of the ambitious

The Poticeit Award Exhl-bition, was opened yesterday by the Minister for the Arts, and is on view until August St. As I am again one of the judges, shall not review the exhibition but I do feel free to commend it to you. Miss Ivy Smith, winner of the major award and the commission that goes with it, worth altogether £10,000, deserves especial notice for she has been a regular participant in the past and come close ta winning. Her huge multiple portrait which now carries off the prize is a true taur de force, as asionishing foc its ambition and sheer nerve as for its evident accomplishment. Do go and see it, and the excellent field it beat.

Finally, still at the Natlanal Portralt Gallery (until August 25). Twenty For Today is a small, well chosen and lively anthology of current portrait work by 20 young photographers. The portrait is sometimes incidental to the intention, for much af this work was commissioned by fashion or musle magazines, but the images are nouetheless forceful or particular far that. Its range or particular far that. Its range extends from the arthadax ta the frankly experimental, the photagraphers it includes from the comparatively well estab-lished, such as John Swannell. to some barely aut of college, such as Liam Waan and Alistair Thain. And if the choice in the event seems a shade arbitrary and undirected, the justification is in the work for society can only be as good as its members, and positive should not be lost an the Rayal sustification is in the work for recruitment is the only answer. Society fin a few sbort years it Clearly ambition falled in the has achieved an extraordinary past, with the philistine values of the suburban lounge replac-

Jug/Theatre Royal, Stratford East

Michael Coveney

Jug by Henry Livings at the Theatre Royal, Stratfard East, is Lancastrian version of Kleist's The Broken Jug, performed in 1975 at the Nottingham Play-

Jose Haring

Unluckily for the author, Philip Hedley's production is an indulgent, rambling affair that outstays its initial welcome, mistaking boisterousness for pace. Goethe ruined the Weimar production in 1807 by having two intervels. Mr Hedley goes a little better, but not much, by

having one. The play is a short, brisk and pungent one-actor supervised by accorrupt judge in a village court where a broken antique jug is where a proken antique jug is evidence of jiggery-pokery in a widaw's daughter's bedroom after lights out. The daughter is engaged to an upstanding young lad shartly aff to the wars. The business is overseen by a visiting dignitary, and the various townstalk defer and kowtow to him while the judge, warrying at the evidence, is almost revealed for the hypo-

crite he is.
Livings transfers the actian
to a small Lancashire wool tawn but relains the period af early 19th century: George 111 an the throne, foreign wars, frock coats and weaving smocks, narthern industrial pride. His judge is a JP, Adam Kenworthy, wham Don Crann plays as a stubblebearded, fawning mixture of Brecht's Azdak and Gogol's Mayar, Mr Craun delighted me far five minutes by desiroying the fourth wall, taking a prompt from the corner via the clerk and producing the stage manager to take a bow. But to sustain that kind of ingratiating relationship through a major

performance you have to be canfession an stage that she had Ken Dodd or at least Rikki felt Kenworthy's snuff box in his breeches. Smut is much smuther at a safe distance.

The Broken Juy, p. 1975 at the Nottingham Playhouse and here receiving only its secand production. In its mixture of amall-town wheedling court proceedings and community rank-closing, this is landlard, walking lipsily on eggshells with the first round of the morniog session, is a delight.

The first contrance, connoily is truthful and touch ling court proceedings and company the lips as the plea for withholding evidence as she has to live in the town for the rest of her life. And the matter is smoothed over with a constant tale of local super Satani omies freeze on the lips as smoothed over with a con-Jahn Halstead's decrepit venient tale of local super-canstable roats for silence in stitlon and dark Satanic court for the tenth time, chills. The young weaver is allhough my jaw was already stoutly played by David setting from the minute Mr. allhough my jaw was already stoutly played by David setting from the minute Mr Morriey, the widow given an Halstead, as part af a fair-ground warm-up, approached admirable kate Williams, the me in the fover and invited me ta feel his oranges. I much ta feel his oranges. I much with ane freestanding daor preferred the landlord's wife's centre stage, by Ultz.



Don Crann, John Halstead and Kate Williams

Arrau/Festival Hall

Andrew Clements

sonatas that includes both the Appassionata and the Waldstein Appassionate and the Waldstein suggests that at the age of 82 Claudio Arrau is nat yet willing ta make concessions to mere obvious centre of gravity of the sonate, to be explored with ta make concessions to mere technical difficulty. Nevertheless his choice of works did encourage an even more magisterial thoughlfulness than usual, without the overt virtuoso thouseless.

showpleces that he has regulacly played in recent years. That carefully considered mannec extended even to the ibird sonata from Op 10, with which he began on Tuesday night. The jayang semiquavers that propel the first measures. that propel the first movement could not be allowed to run

A programme af Beethoven for their energelic elaboration, to hold each element in a vicesa that the unashamedly pro-found treatment of the slow like architectural grip relatively moderate speeds. All three sonatas had been

ings, at no detriment at all to In the Waldstein, however, the standard rose higher silli and Arrau's technique seemed to lose 30 years. It was an extra-ardinary performance, immacu-Only in Op 8ta, Les Adieux, did the pondering threaten to interrupt the instinctive flow of the music, and there aniy in the central movement; the finale recovered with deliciously turned right-hand fillgree. Previously the tour around the lately shaded and paced, the weight of each subject group in weight of each student proup in the first movement deftly applied. The Introduzione a sequence af slawly lifting veils to hisher in a rondo whose ravishing suspensions and Appassionata had been fascinating, less for its physicality and bravura thrills could not be allowed to run than for the illumination it lingling coda seemed set unfettered; there was always a threw upon detail in the outer perfect balance. A good w purpose behind them, a reason movements, and for its ability for pianistic octogenarians. perfect balance. A good week

David Murray

Uchida's Mozart/Elizabeth Hall

Not all good things end well.

and Mitsuko Uchlda's survey of Mozart's piano concertos with pretty sentiments of the slow the English Chamber Orchestra movement with poise; and bas been so full af rewards, delights and teeming imagination that Tuesday night's final instalment was plainly chancy. For routine sequences with comic she had chosen to conclude, neatly enaugh, with the first and last of the concerto—the innocently cheerful K175 (called "No, 5" nowadays, but its predecessors were mere soon the fun with poise; and base for with poise; and that point more incisively than in these concerts. Unlike most later concerts. Unlike most later concertas, however, Mozart's are not adversary-pleces, and least af all K595; here of the concerto—the pair of Ramances for violin innocently cheerful K175 (called "No, 5" nowadays, but its predecessors were mere its predecessors were mere adaptatians af music by other hands) and the elusive, somehaw drained K.595, which is nobody's idea of a triumphal

sion of the jake.

The B-flat Concerto, K.595, without underplaying must be adaptatians af music by other hands) and the clusive, some-haw drained K.595, which is nobody's idea of a triumphal summing-up: besides, she has been beard here already in a sensitive, subdued accaunt af that work with a hig orcbestra and hig canductor.

The K. 175 Concerto in D made a cantizing fralic with single conductary pignits. From articles an the ensemble—Uchida pominic Gill left to play just prima inter

Saleroom/Susan Moore

Records all round

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Pacific cultures, San Diego's Pacific Ring Festival also served to hring tagether the of three composers, Partch, Conton Nancarrow and the Australian Percy Grainger, whose chief preoccupation was or has been. to devise new melhods of nota-ting, and in particular new ways of performing, the sounds which they perceived to be the music of the future.

Harry Parich was born in California in 1901, and died there in 1976, baving devoted his life ta "reforming" the western Classical-Romania to the composer's ariginal instruments. Most of Partch's campositions were designed for the theatre, and the scores usually contains western Classical-Romantic tra-dition, and in particular rejecting the equal-lempered system af tuning, which he replaced by just intonatian and his own system af microtonal intervals. His theories—which drew more from Ancient Greece and extra-European musics than anything in post-Renaissance western music—demanded new instru-ments, which he designed and built himself, and which we trained his awn ensemble (the Gate a Ensemble) ta play. The Instruments, naw restored after several years af neglect fallowing his death, are haused in San Diego State University. (The ratianale of Parich's system, together with an elaborate critique af western musical cul-

As well as providing the which venue far a remarkable collision and cross-fertilisatian of Californ gamelan orchestcas — one a Californian gamelan group from San Francisco, a fine virtuoso ensemble based on the Balinese model, and another af native musicians from Java, darker-toned, less flighty in their tempo

and the scores usually contain instruction which involve the instruments and their per-farmers intlmately in the stage setting — the theatrical effect arises directly fram the perfarmance af the music. Dophne of the Dunes (1958) was ariginally the soundtrack far a short film entitled Windsong, Illustrating the myth af Daphne and Apolla. The Instruments and Apolia. The instruments prescribed (Partch's names for them are wonderfully evacative) included claud chamber bowls (made from buge glass) jarsl, gourd tree, diamond marimba, cane gongs (made from the heads af naval gun shells), surrogate kithera, spoils ther with an elaborate of war (made from shell igni-que af western musical cultian caps), and the chrome-lodeon. The music is simple, unpretentious and baunting: a whilshed in 1949.)

As the finale to a concert and microtonal textures, apliced

performance also used two dancers, who wove a simple pattern among the players on stage: nalve but curiously touching, end I am sure whalty and aptly anthentic.

Pacific perceptions of tomorrow's music

musicians from Java, darkertoned, less flighty in their tempo
changes—the Partch Ensemble
from San Diego State, under the
direction of one of the composer's ane-time associates
Danlee Mitchell, offeted the
rare opportunity to hear a
major work by Partch played
on the composer's ariginal
instruments.

Most of Partch's campositions
were designed for the theatre,
and the scores usually contain quintessentially Californian in spirit, if not in arigins—Nancarrow was born in Arkansas in 1912, but since the early 1940s has lived in self-imposed exile in Mexico, carely imposed exile in Mexico, carely travelling ar receiving visitors, devoting himself single-mindedly to the composition of one monumental octure, a collection of ariginal Studies (so far numbering 48) for mechanical player-piano.

rechanical player-plano.
Faur years ago Nancarrow travelled ta Eurape for the first time since befare World War II, and I heard some of his lateat pieces at the ISCM Warld Music Days in Graz. The performances then, like those performances then, like those at San Diego, were necessarily on tape (since the instruments remain in Mexico), but it is probably the medium which suits them best: buge, complex sound-canvases af shimmering, shifting colaur, mighty con-

structions beyond all con-celvable human virtuosity (Nancarraw cuts his plano colls on a special machine of his own devising), delicate spider-web creations glittering with tiny points of light.

points of light.

The effect is neither dry nor mechanical: there is real poetry in the Studies, and real exhibitantion—a vision of man and machine together, reconciled in some utoplan, and paradoxical, post-mechanical age. As well as three of his letter light property from the property of the state of latest plano-player pieces (nos. 48a, 48b and 48c), a new work by Nancarrow for a small was also played which was interesting but, though It had some of the same infectious nervous velocity, less satisfying. Nancarrow's music is about impossible, stratospheric feats performed an a familiar buman-scale instrument; to bear human players struggling with the musle, hravely but always imperfectly, brings it down to earth with a bump.

The meeting of Nancarrow (in person) and the late Percy Grainger (in spirit) took place as it were by accident during the festival at San Diega's Center for Music Experiment. Twa quite distinct research projects at CME bad been in-volved in realising on the one hand a Nancarrow player-piano Study by computer-synthesis, thereby achieving (at least theoretically) the per-on May 24 and 28. fect" performance; and on the other, hy similar electronic

formed, at his death in 1961, Grainger nevec found the machine that satisfied all of his requirements—although he started to build one, using vacuum-tube oscillators regulated by cut-out paper rolls (a system refined just before he died by the addition of photoelectric cells and transistors). Nancarrow found an adequale means of performing the music he heard in his head on the he heard in his head on the player-plano—but the process is immensely laborious and still subject to the constraints and vexations af mechanical opera-Here at CME was at last the ideal equipment, the perfectly flexible instrument which both

scores which Percy Grainger left completed, but unper-formed, at his death in 1961.

of these dedicated visianaries had foreseen, and striven far, many decades in advance of its time. Nancarrow was stunned by the computer performance of his Study No 37, which sounded, he sald, better than any realisation af his music be had ever heard. And as for Grainger, we were left merely to muse upon what extraordinary sound-canvases he might have created had he ever gat his bands, at San Dlega's CARL facility, an a VAX 11/780 and a couple of analog-to-digital converters.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Thestre/ Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

May 30-June 5

Exhibitions

WEST GERMANY

Berlin, Akademie der Künste, Han-seatenweg 10: Life Or Theatre? This exhibition displays 250 gouaches by Charlotte Salomon. She died, aged 26, in Auschwitz. Ends June 15. Bayreoth, Iwalewa-Haus. Munzgasse 6: Art and Culture from the Congo and Zaire. About 300 paintings, cult and practical objects from the Colo-nual period to today. Ends June 29.

Hamburg, Kunsthalle, Glockengießer-wall I: Renaissance of the North. 110 German and Dutch paintings on loan from the Paris Ecole des Beaux-Arts. Among the artists are von Bouts, Dürer and Goltzius, Ends June 29. Düsseldori Kunstmuseum, Ehrenhof 5. Otto Pankok (1893-1966). The Pas-

sion; 60 huge charcoal drawings by the German expressionist covering 1933-34. Ends Oct.

BRUSSELS

Musée Royale d'Art et Histoire: Tai-wan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate tradi-tional Change painting on June 18 tional Chinese painting on June 18. Ends June 29.

From Rembrands to Vermeer: 60 chefs d'œuvres on loan from the Mauritshuis trace a panorama of 17thcentury Dutch painting with Ver-meer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. French Masters of the 19th and 20th century: The catalogue of the yearly Robert Schmit exhibition reads like a Who's Who in painting. There are five Boudins, the gallery's speciality. Calliebotte, Cézanne, Ven Dongen. Fantin-Latour. Odilon Redon and even Soutine grace the walls with bouquets of flowers while Charall has a flourist tree in his and gall has a flowering tree in his red-toned sunset. Degas bas a study of two dancers and a fiery coloured oil of a nude combing her hair. There is a large composition by Derain from the late 1930s, the Painter And His Family grouping in a surprisingly realistic rendering – his wife with a book, his niece, his sister in law, family cat and bimset in the centre

The strong point of the exhibitian is a Picasso painted in 1900, a scene of typical Spanish figures in ex-pressive attitudes and striking copressive attitudes and striking co-lours in front of a wine shop. As a counterpoint there is a stylised Woman in a Rocking Chair dated 1956 with the same strong orange, black and blue summing up Picasso's artistic development. Galerie Schmit, 398 rue Saint Hooore (4260 3636), closed Sun and lunch-time. Ends July 19.

before an easel with a brush in his

LONDON

The Hayward Gallery: Falls The Shadthis year's Hayward Annual for the first time extends its view of contemporary art from Britain into Europe. The Arts Council's guest se-lectors, Barry Barker and Jon Thompson, taking a hint from T.S. Eliot's ambiguous poem of the mid 1920s. The Hollow Men, abandon the principles of avant-gardism it

favour of a more open and catholic modernism. The result is an ele-gant, difficult and fascinating anthology. Ends June t5.

Rome: Galleria Giulia (Via Giulia 148).

Marilu Eustachio: Fifty large works in pastel exploring the theme of love, from the lyrical to the faintly menacing. Particularly interesting are a series of charcoal drawings illustration outpacts from the poems. are a sense of charcoal drawings il-hustrating extracts from the poems of Emily Dickinson, ends June 14. Rome, Castel Sant'angelo: Photo-graphs and documentary material relating to the excavation of a house near the Roman forum, which has led not only to the discovery of part of the perimeter walls of the Foro Della Pace, but models of works by Bernini by an artist, known as Il Cavalier Fontana, who occupied the house during the 17th century. Ends June 10

Rome, Galleria Carlo Virgilio. (Via della Lupa 10): Scipione Vannutalli (1834-94): Vannutelli's account of his travels in Rome, London, Paris and Vanice, through small and exquisite oils and watercolours. Scenes vary from the hish greens of the London parks to St Mark's Square in Venice, seen through the wind-blown curtains of the Caffe Florian. Ends

Amsterdam: Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris pe-riod, through the penetrating obser-vation of London's dockland, the tranquility of the Venetian set, and

closing with the late, dreamlike impressions of Amsterdam. Ends includes 125 works of the dadaist and surrealist painter. Fundacion Dordrecht Museum. A choice selection

of 60 Piranesi etchings from the im-posing Vedute di Roma and the op-pressive visions of the Carcerl. Ends esterdam Historical Museum. Cor

Jaring's photographs of Amsterdam in the restless 1966s, from Provos to dockworkers, happenings to street markets, and an eventful royal wedding. Ends June 22.

17th-century drawings in Teylers Museum, Haarlem. Little-known sheets
by the leading masters. Ends June

SPAIN

Madrid: Contrasts of Forms. Abstract and geometrical art sponsored and receotly exhibited at Moma, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Leger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Recoistos 22. (43540 03). Ends June 30. Madrid, Claude Monet (1840-1928): The greatest living French artist, as he was called, was an innovator who revolutionised the course of modern

painting by playing a leading part in the creation of a new artistic move-ment: impressionism. 125 paintings an loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with a promi-aent representation of his most faanni represedudint of his most fa-mous period at his home at Giverny, Meac - Museo Espanol de Arte Con-temporaneo, Avenida Juan de Her-rera 2. (449 11 50). April 29 - and June. and surrealist painter. Fundacion Joan Miro, Parc Montjuic. Ends

Jewellery from 1800-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, neckpendants, lockets, brooches, neck-laces, belt buckles and rings from the masters of the Wiener Werk-statte — Hoffman, Moser and Czeschka — many on public view for the first time. Applied Arts Mu-seum, ends June 8.

NEW YORK

Japan House: Burghley House, with its the earliest known record of Jap-anese porcelains in Europe, pro-vides a touring exhibit that will visit the High Museum in Atlanta and then Japan through 1988 with 205 Japanese and Chinese objects dat-ing from the 16th to the 18th centuries. Ends July 27.

mes. Emis July 27.

Museum of the City of New York: Arbit Blatar's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15. Metropolitan Museum: Two centuries

Nuremberg include 270 works in Nuremberg include 210 works to painting, sculpture, tapestries and illuminated manuscripts by Al-brecht Dürer, Hans Baldung Grien, Veit Stoss and Adam Kraft, Ends

WASHINGTON

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

National Gallery: Paintings by Picasso, van Gogh, Gauguin, Matisse and Renoir are amoag 41 Impressionist, post-impressionist and early modern paintings from the Hermitage and Pushkin Museums in Leniograd and Moscow making their first American trip. Ends June 15.

Scenes of Spring: 10 works on hanging scrolls by Japanese artists Kano Tanyu, Sbunso Hishida, Gyoshu Hayami and others. Okura Museum, at Okura Hotel. Ends June 15. Closed Mon.

The Art of Henry Moore, 1921 to 1984: In one of the largest retrospective exhibitions ever, over 300 works (sculptures, drawings and graphics demonstrate the artist's range and extensive output. Several sculptures have been installed in the open. Excellent catalogue with generous space for the original English. Ueno Park is one of Tokyo's few open. spaces, and museum hopping may be pleasantly divided by lunch at one of the park restaurants or in the

far News of Trafpligor — the Schooner "Pickle". The marine paintings totalled £831,741, with 189 per cent unsaid. In the

made £37,400, a record price for made £1,700). a ship model At Phillips a rare gald minute

repeating Grand Sonneric clock watch made by A. Lange & Sohne around 1910 and hitherlo kept in a sock drawer, made a substantial £42.000 — the unpublished estimate was £20,000. published estimate was £20,000.
Less fortunate was a George 111
gold, enamel and genset watch
Duke." resembling a crushed and chatelaine, signed Thos Groy, Sockville Street. It was

and watches unsold. A conventional range of out premium), the Japanese November.

Record prices were reathed at Sotheby's marine sale on than average country house than average country house collectians. A handsome green light sailed in at £57,200 against an estimate of £20-30,000, the tap price ever paid far a Montague Dawsan (£894-1973), and Norman Wilkinson's heach tague Dawsan (1891-1970), and highlight of yesterusy seeme of Douglas Harbour realised aver twice the estimate, \$16.280, anather first.

The highlight of yesterusy session was a Sevres hulb pot of about 1775 decorated with two Orientals on a see-saw which sold for £19,000. Two

which sold for £19,000. Two Derby graups af a shepherd and shepherdess (madelled by J. J. Spängler), dated around t830, made £1,900. 183 per cent unsaid. In the afternoon sale, which totalled for £5.500, almost was the group of fully articumodels of hirds.

Mary sold for £5,500. almost was the group of fully articular exactly fifty years after the lated iron models of birds. Insects, crustacea, fish and voyage. An 18th century dragons from the century Admiralty model of a frigate Japan 1a three-clawed dragon Japan 1a three-clawed dragon Sotheby's at Chester presented an even less appealing

array of 19th century medical and dental instruments, including amputation saws and a hrass enema. Its 46 early amusement machines were more fendet, bought by a Swiss Groy, Sockville Street. It was dealer for £825, and a Mills one of the 30 per cent of clocks "Cowboy" fruit machine which made £1.760. Auction records A conventional range of were ance again set by a large European and Oriental porcelain German Steiff Teddy Beat of from the Edward James collec- around 1904. Sold for £5,280. tion was sold by Christie's at il broke the previous Teddy West Dean for £392,278 (with record of £3,740 made last

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A. 90 ina Car

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THE RESULTS SPEAK FOR THEMSELVES.

Pithursday June 5

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In 1983 we reaped the first reward of this investment when the Uno was launchedfittingly – at Cape Canaveral. Fittingly because the launch location highlighted Fiat's objective of employing increasingly sophisticated technology; for the Uno, robots were used on a large scale for the first time. 1983 also saw the launch of the Regata and the Panda 4x4.

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introduction of the revolutionary FIRE power unit built at our new, advanced Termoli plant for inclusion in the new Unos.

15

1986 has already seen the FIRE power unit introduced into the amazing new Pandas. And now, above all the launch of a new car whose conception would have been impossible without our massive £2,300 million investment over the five preceding years - the new Fiat Croma.

Croma; it's Fiat's new generation, large saloon for the 1990s, a unique combination of power, space and comfort made possible only by the use of the most advanced design and production technology.

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FINANCIAL TIMES

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Thursday June 5 1986

The purpose of sanctions

BRITAIN HAS reached e watershed in its policies towards
South Africa. The tortuous
progress of President P. W.
Botha's reform programme, the
amblvalent and amblguous
nature of Pretoria's commitment
to an equitable acciety, and the
increasing call from black
South Africans for international
action against apartheid all require that Britain send a clear
message to South Africa. This action against apartheid all re-quire that Britain send a clear message to South Africa. This week the seven member Com-monwealth Emineot Persons monwealth Emineot Persons'
Group is meeting in London to
prapare a report on its efforts
to initiate a dialogue between
black and white in the republic.
Its assessment of Mr Botha'e
Intentions, due to be discussed by a mini summit of Common-wealth leaders in August, will be crucial to Britain's next step.

If the group is satisfied that the South African Government the South African Government is prepared to move further and faster with reform and begin constitutional talks with black leaders including Mr Nelson Mandela of the African Netional Congress (ANC), a complex negotiating process will get under way in which the Eminent Planance may play a main role. Persons may play a major role.

If, as seems more likely, the group reports failure in its efforts, Britein should give notice that, in consultation with the Commonwealth, Europe and the IE it intends to introduce the US, it intends to introduce fresh economic measures against South Africa.

Opponents of sanctions offer four main reasons for their stand. They maintain that further economic measures (arms and oil embargoes are the prinand on emoargoes are the principal sanctions already in effect) do not have the support of hlacks, whose jobs will be placed in jeoperdy; will drive whites into an intransigent laager, could leave the vulnerable economies of black states in the region open to South in the region open to South African retaliation; and what is more, they do not work.

Destabilising actions

Events over the past two years have undermined this case. Indeing hlack opinion on sanctions is not easy. South African law makes it a serious offence to advocate trade embargoes or disinvestment. But more and more hlacks, led by Bishop Desmond Tutu, are prepared to flout the law. Chief Gatsha Buthelezi is the only black leeder of substance who sanctions in the belief that they will hasten the end of apar-

The response of the white community is more difficult to assess. Proponents of the laager theory may point to the surge of far right activity in recent weeks. Ministers have tried to turn this development

the ultra-conservatives.

The message from the black front line states is unequivocal. South Africa's raids last month south Africa's raids last month
on alleged targets of the
African National Congress in
three neighbouring countries
hrought renewed calls for
economic sanctions. Such is
their dependance on South
African trade and transport

not impose an embargo.

But the suggestion that they face South African retaliation overlooks the fact that they have already suffered considerable direct and indirect damage from South African destabilistical ing actions, particularly in Mozambique and Angola. The argument of Pretoria's neigh-bours is simple. They already pay the price of apartheid: they are prepared to shoulder their share of responsibility for its

What, finally, of the assertion that sanctions do not work? The oil embargo has proved ineffec-tual, though South Africa is paying a high price for its cir-cumvention. By contrast the decision last year by US banks to refuse to roli-over short term loans to the republic exacer-bated an economic crisis which Pretoria should realise will end fied that fundamental reform is under way. The success of sanctions de-

pends in part on what is ex-pected. The measures thet Commonwealth leaders meeting in Nassau last October drew up in Nassau last October drew up for consideration should their peace effort fail are not de-signed to bring about the economic collapse of South Africa. They are intended forcefully to signal their growing impatience with the slow pace of reform.

by Bishop Desmond Tutu, are prepared to flout the law. Chief Gatsha Buthelezi is the only hlack leeder of substance who argues against sanctions. As far as can be judged, the majority as can be judged, the majority of blacks appears to support. Whatever selective additional system out in the rails users. But Mr Fowler remains nitimately in charge of the NHS. And widespread opposition from some interest groups, notably event of failure of the Commonwealth. In the murses, to the management changes and londly expressed Whatever selective additional should seek agreement on a joint stand by the EEC, which wins backing from the United other western trading partners.

Such ection will be the proper conclusion to what should be seen as the first stage of the Commonwealth effort. But the Eminent Persons should remain in the wings. Pretorie may need their good offices sooner than

to their advantage, telling the ontside world that the split in Afrikanerdom is a measure of Britain and the

EEC presidency THE ADDITIONAL power and relations and in East-West influence conferred on a member of the European Community foreign policy posture may well by its six-monthly tenure of the pivotal. presidency of the Council of Ministers bas usually heen takes over the presidency, there rather limited; in one (rather is e real danger that the US constructive) sense the specific may institute protectionist opportunities for triumph or measures against the Comdisaster bave been smoothed out, in the recent practice whereby the programming of work is co-ordinated with the preceding and the succeeding presidents. Nevertheless, the second half of this year, when the presidency passes from the Netherlands to the UK, will be a peculiarly important phase in the Community's history and will require corresponding skill from the British Government.

Much of the agenda has al-ready been plotted by history. The long and lamentable legacy of the excesses of the Common Agricultural Policy remains on the table: the council has taken some fairly brave decisions on milk and cereals but pressure of hudgetary constraints must be mobilised to ensure that the momentum of reform does not

At the same time, the Community needs to press ahead more rapidly towards the objective of a fully liberalised internal market by 1992. Some progress is being made; there may be opportunities for more progress, on the liberalisation of capital movements, for example, on the extension of the use of the ECU and on the liberalisation of non-life insurance when the European Court pronounces in the second half of

These domestic issues of farm reform and market liberalisation are the netural staple of intra-EEC bargaining and their auccessful resolution is essential if Europe is to recover its economic dynamism But it seems likely that they will be oversbadowed in the second half of the year by more pressing foreign policy chal-lenges, both in European-US

munity, ostensibly in compensation for the accession of Spain and Portugal to the EEC and anticipated losses in US farm exports. There is no question hut that the Community must stand up to any protectionist action by the US But since the general protec-tionist mood in the US is already so strong, the Com-munity would need all its skill in managing what might start as a minor conflict, to ensure that it did not escalate out of control. How that is to be done remains unclear; one element would be a constructive and liberal approach to the proposed new round of trade negotiations

Political conflict

More serious still is the dan-ger of political conflict with Washington over its handling of arms control and relations with the Soviet Union. In public Mrs Thateber had implied support for President Reagan in his demuncletion of Soviet violation of the Salt 2 nuclear weapons treaty; in reality, the British Government is as concerned as lts European partners at the prospect that the fragile bases of arms control may be thrown away. While arms control is not strictly in the Community's competence, the co-ordination of foreign policy bas been given e new security dimension under the Luxemhourg agreement. Brtain's role as a nucleer Brtain's role as a nucleer power, its presidency of the Council and Mrs Thatcher's apecial relationship with President Reagan will place extra dent Reagan will place extra director, and the company's director, and the company's director, Peter Jones, apecial relationship with Presi-dent Reagan will place extra responsibility on the UK to ensure that a disagreement does not develop into a transatlantic

I HAS been quite a week for Mr Victor Paige. On Tuesday he was the head of Britain's National Health Service. Yesterday he was unemployed. Today is his birth-

dey—his sixty-first. It has been quite a week, too, for Mr Norman Fowler, the Social Services Secretary. On Monday, Parliament returned as he planned to mobilise support for more cash for the health service in the coming public expenditure battle. On Tuesday his strategy for reforming NHS management

was dealt a severe blow when Mr Paige resigned in exas-peration as the first chairman of the NHS Management Board or the NHS management Board half way through his three-year contract. Today, Mr Fowler will discuss et Cahinet how to deal with this, the latest in e long line of political emharrassments over the health service. It raises new and important

questions about how an organ-isation like the NHS can be isation like the NHS can be effectively managed. The NHS has more than Im employees, making it Europe's largest employer except for the Red Army. It spends £15tm a year, about 95 per cent of which is taxpayers' money for which Parliament is the guardian. Ministers are accountable to Parliament. ters are accountable to Parlia-ment for that money.

ment for that money.

This makes the role of chief executive of the NHS even more difficult than that of a nationalised industry chairman—most of whom complein at one time or another about political meddling in management.

political meddling in management matters.

Mr Paige's letter of resignation makes little effort to disguise this problem, "Ministers and the chairman of the management board can approach the same issue with different perspectives, priorities, objectives and restraints. The conclusions are not always competible. Also, there are always others in the action—or trying to be. Within my remit that makes for difficulties in working to the management standards and style to which I am committed. I have hrought this to your notice on several occasions. your notice on several occasions. You are aware that it is not working out as I believe it

Clearly, Mr Paige's difficulties have had more to do with the relationships at the centre of the NHS — the management board and the Health department ministers and civil servants — than with the introduction of the next management. tion of the new management system out in the NHS tiers.

public concern about the state of the NHS created a political problem which, combined with the structural difficulties at the centre, produced intolerable restrictions on Mr Paige's freedom to manage.

The management reorganisa-tion of the NHS was effectively the second reorganisation of the service since the Govern-ment took office in 1979; the health service bas suffered the upheeval of reorganisation more

BRITAIN'S NATIONAL HEALTH SERVICE

A hole at the heart

By Robin Pauley



Norman Fowler (left): an embarrassing position. Victor Paige: a hasty exit

By 1983, the Government was at the beight of its crusade for value for money in the public sector and was advocating "better rather than more public spending." As part of this campaign, Mr (now Sir) Roy Griffiths, managing director of J. Sainsbury, was asked to chair an inquiry team to edvise on the effective use and management of manpower and related ment of manpower and related resources in the NHS.

The Griffiths Report in 1983 recommended radical change, e key passage stating: "One of our most immediate observations from a business background is the lack of a clearly defined management function throughout the NHS. By general management we mean the res-

ministers since its creation in 1948, the conundrum always being how best to construct an effective management formula around such diverse

groups as nurses, admini-strators, patients, laymen and, most prickly in hospitals, the

National Health

ning, implementation and con-trol of performance."

This paragraph was the death knell of consensus team management which in many cases had increasingly come to be a power base for consultants protective of their individual operating theatre bours or bud-gets and who could never see the argument for hudgetary dis-cipline in their own speciality. The Government accepted the Griffiths report analysis that e single general manager should be eppointed with executive powers and full responsibility for budgetary discipline in each "unit" or hospital. The same principle should apply at the district level, each of which

A HISTORY OF MANAGEMENT PROBLEMS

superintendent was replaced

These teams reported to the

In 1974 Sir Keith Joseph introduced a new tier of

eat which survived

health authority reported to the al health authority,

strator, the basis of con

until 1984.

vices secretary.

district which

often even than Britain's much reorganised local government system.

order of the organisation, for plan
of the organisation, for plan
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would be the NHS management Board chaired, said Griffiths "by a strong chairman almost certainly from outside the NHS and the civil service to be the Secretary of State's right hand man." On top of thet would be e man." On top of thet would be e
NHS supervisory board, chaired
by the Secretary of State. It is
the relationship between these
two boards that has soured.
The damage to the management
reorganisation and public confidence in the handling of the
NHS is, likely to be considerable,
as the Social Services Commit. as the Social Services Commit-tee warned when considering the Griffiths Report in March 1984. "We give a general wel-come to the proposals which are fatended to leaf to more refit-

> administration, area health authorities, between regions disbanded in 1982. were disbanded in 1983. Under the Griffiths reorganisation of 1984 the regions, districts and individual hospitals each got a general manager with executive power and budgetary responsibility and consensus management teams were dis-banded. The NHS is now centrally managed by a full-time management beard which reports to a NHS supervisory beard, chaired by the Social Services Secretary.

cient, effective and co-ordinated central management. The potential is considerable, as is the Mr Paige, however, increasscale of damage which a ingly resented such demands botched reorganisation at the and interference. If anything the mellowed and wanted to take

discipline, would help to contain and rationalise some of the tremendous cost pressures within the health service such as the soaring prices of medical high technology and the mount-ing cost of bealth services to the elderly.

The implementation of the Griffiths report required the appointment of more than 1,000 new general managers. Some public alarm about people staying in their old jobs with e new title and a £3,000 annual salery rise were countered by despair among NHS employees required to re-apply, not always successfully, for their jobs. "Since 1975 I have been made technically redundant seven times," said one hospital administrator in 1984.

Many former administrators were re-appointed as general managers and hlanket criticism managers and hlanket criticism of this is unfair. Many, transformed from being the secretary et the hottom of the committee table to the cheirman at the top with executive power and the last word, have responded well and heve effectively combined the delicate tively combined the delicate task of handling touchy consultants with maintaining budget-ary discipline.

The success is et its most marked, with exceptions, in the districts where the transition has mainly been smooth; man-egement costs as a proportion of turnover have been cut sub-stantially and for the first time districts heve produced 10-year strategic plans. It is at its least ohvions at the individual hos-pltal level, and in London, where doctors find it easiest to inflame media passions about the state of the bospitals, the acceptance of the new management culture is at its patchiest.

It is et this level also that
the greatest resistance welled
up against the Griffiths ethos
and Mr Paige's early determination to implement it. While doctors were cool to the changes the 480,000 nurses, the public's best-loved public sector group, launched a highy emotive anti-Griffiths campaign which peaked

earlier this year This dissent by an important pressure group arose at the same time as public support grew for higher nurses' pay and public and political anxiety about the resourcing of the NHS reached new heights. The purses' secured a fiver cent new pay. rise and Mr Fowler secured an extra £60m for NHS cash limits this year towards the cost.

But the political imperative convince the public that the to convince the public that the NHS is, as Mrs Thatcher promised in the last election campaign, "safe in our hands," coupled with the tight rein on public spending mean that Mr Fowler needs ever quicker results. He wanted, and his civil servants tried to get, faster value for maney achievements so that existing cash was visory Boards with the public as chalfman and an appoint e as his chief executive.

The alternative is to continue with the present structure and appoint a successor to Mr Palge who will be faced with the equivalent of running a company which is permanently at its annual general meeting.

But the committee, like the Government, boped that this tough approach to management, hodgetary

Both civil servants and some NHS administrators ooticed NHS administrators ooticed the more he travelled NHS administrators ooticed that the more he travelled within the NHS the more ho seemed to be absorbed by its

hard-nosed approach which seemed appropriate during bls carrer at Boots, the Fort of London Authority and the Netional Freight Corporation seemed less in evidence and his resigna-tion letter refers to the dedicated and caring concern of the NHS staff.

Not surprisingly, his friend sbip with Mr Fowler, dating back to the days when the Minister as Transport Secretary belped him organise the employee buy-out of National Freight, became more strained as their competing philosophies clashed — although Mr Fower is genuinely sorry and upset that his friend bas walked out

Some clear lessons emerge From the abrupt end to Hr Paige's 18 months in charge of the NHS. One is that difficulties in finding someone to take such a job, which were acute in 1984, should not be solved by a last-minute appeal to an old friend who might not be prepared for the political cut and thrust

Another is that wide and radical reorganisation of such a huge undertaking probably requires increased financial resources in the short run to deal with education and training.

To attempt such e feat while To attempt such e feat while reallocating scarce resources between the regions is inviting trouble. The management upheaval is going to be accompanied by, and get mixed up with, ward and hospital closures as part of the resource reallocation. Hence the broubaha over Griffiths has become mixed up in London (which the Government regards as over-provided with basilist as over-provided with hospital and doctors) with the swith of funds away to poorer regique. The resulting bad publicity and bad NHS morale have proved a formidable problem for the Government.

Perhaps most important, a rethink about the structure of the central management of the NHS is needed in the light of the NHS is needed in the light of the light Mr Paige's experience.

As Parliament demants almost day-to-day accountability. for all the taxpayers cash going to the NHS. It is inevit-Secretary will be the key decision maker. It may make sense, therefore, to merge the competing Management end Supervisory Boards with the politi-

regional health authority, both of which comprised lay, medical and local authority The NHS inherited local the NHS inherited local authority hospitals run by a medical superintendent and hospital groups run by a medical officer. In the first decade after 1948 the medical representatives. This, in turn, reported to the Social Scr-

Nelson berths at Lazard

"Capital will not be in ahort supply for attractive offerings," said Lazard Brothers chairman Sir John Nott yesterday, glowing with the satisfactory exer-tions of Lazard's second £300mplus placing for Dee Corpora

But if there is no shortage of capital after the Big aBng, Nott reckons that there will be e premium on independent advice. "That is why we have chosen to concentrate more on buman rather than financial resources,"

In line with that thinking. Nott announced that Lazard is appointing John Nelson, 38, currently a director of Kleinwort Benson, as a managing director and bead of its corporate finance division next

Nelson has been with Klein wort since qualifying as an accountant 15 years ago, spent e couple of years in New York, and has been involved in its corporate finance activities almost throughout.

He has been associated, in particular, with advising Hillsdown Holdings during its growth over the past decade; and with the privatisation of British shipyards. "A man of experience," said Nott, "who should bring in some new

Neison agrees—hardly sur-prisingly—with Nott's Big Bang game plan. "With a good team. free of any possible conflict of interests, I think Lazards do have a tremendons tunity," he said.

For a song

Former Barings director, David Elliott, will be hack in the City today for an unusual present-ation to some of the Square

managing director, Peter Jones, are leading some of their 600-strong company in a lunchtime

Men and Matters

get-together with potential sponsors at Goldsmiths' Hall. sponsors at Goldsmiths man.
Invited guests—which include
a fair sprinkling of American,
Japanese and other foreign
settlers in the City — will be
shown videos of ENO productions, models of its sets, and stage costumes. Two of the ENO'e leading singers will round off the show.

On a current budget of £12m. the ENO puts on some 200 per-formances in an annual 44-week season at the Coliseum. But only per cent of its funds com from private sponsors—two-thirds come from national and local government subsidies, and In the last five years, its grant income has grown by 37 per cent, but its costs have risen by 47 per cent. Hence the search

Its performance in the City, the ENO hopes, will persuade some institutions that an investment would make sound com mercial sense as well as being

High tech moat

Interpol, the 138-nation police organisation, yesterday lifted a corner of its customary veil of discretion when it invited journalists to see the site of its future headquarters in Lyons, south-east France.

The organisation will move to the Rhone-Alpes metropolis in 1988. Interpol, however, is trying to speed up the work by six months following a terrorist attack on its present head-quarters at St Cloud, west of Paris, just two weeks ago. The organisation's new strong man, the ex-British Special Branch officer Raymond Kendall, who became secretary-general last October, says with grim Scotland Yard humour that last month's bomb started the demolition work the demolition work

some of its member states (which include Libyz, Iran and Syria), Interpol is putting more muscle into the anti-terroris

John Simpson, the director of the US Secret Service and Interpol'e president since 1984, says that recent alerts over the risk of attacks on Channel ferries have reflected increased police

In addition to the SFr 26n which the new building is cost-ing, Interpol is spending SFr 6m on new telecommunications and computers to update its fight against international crime. Simpson brushed saide wor

ries that the modernistic con-crete and glass structure could prove a tempting target for terrorists. It will be well protected, he pointed out. The building will be surrounded by a most in the mediaeval tradition of high security.

Low profile Unusually for a VIP visit, when

Alick Buchanan Smith, the energy minister, opened the Humbly Grove oilfield, Hampshire, yesterday the operator, Carless Petroleum, mada every effort to ensure that he would see as little as possible.

About film has been spent camouflaging the sites by scooping ont recesses in the rolling woodland, throwing up earth banks, and planting 21,900 trees round the perimeters. Oil tanks at the loading station have been sunk 1.5

bum of machinery from disturbing the rural idyll. John Butterfield the project manager, feels secure in claiming: "In a few years time this will look more like an look more like

metres into the ground, and compressers have been encased

in concrete silos to prevent the

arboretum than an industrial

Carless have submitted to the planners' desire for tanks and pipework to be painted in taste-ful browns and greens. But no effort has been made to disguise the £30m investment with such devices as deric columns or

Butterfield says the intention is that the site should be concealed as much as possible. But it should also show "the best practice of industrial design."

In any case why bother to conceal the pipes and bollers behind pretend buildings in Hampshire while in the City of London, Lloyd's, the insurance market, has gone to great trouble and expense to put the plumbing on the outside of its new building?

Fine art Painless extraction of mone

has always been donething of a Swiss speciality. Along with Zurich "gnomes" and St Moritz hoteliers, this skill now seems to have been mastered by the cantonal police of rural

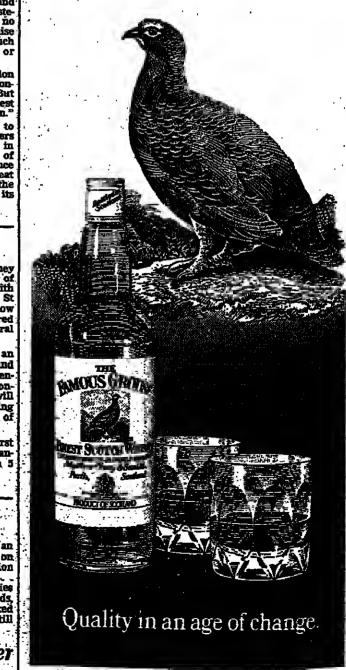
The force has just signed an agreement with Diners Club and other credit card firms to en-able cashless payment of on-the-spot fines. Patrol cars will carry printers and billing forms to accept the plastic of their clients' choice.

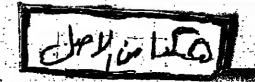
I await news of the first customer, versed in Swiss finan-cial lore, to offer cash for a 5 per cent rebate.

Deep study

Extract from minutes of an interdepartmental committee on the financing and administration of flood defences — "Mr said that some water authorities said that some water authorities had established sinking funds, which would need to be looked into to see if, they were still available for flood defence."

Observer





IF THE editor allowed question marks against titles, the title of this article would have one. A fortnight ago I wrote about the pause in UK growth in the first few months of 1986, and said it was part of a pause in the industrial world as a whole.

Thur !

It is now time to turn to the international dimension. The facts of the pause are clearly established. There are powerful arguments that growth will resume and even accelerate. But it is more important to draw decision trees for policy responses to different eventuali-

responses to different eventualities than it is to argue about the crystal ball.

The facts of the pause are displayed on the chart, which shows the level (not the rate of chaoge) of real GNP in the seven main OECD countries.

As far as I know, this pause was not forecast by any school of economic thought. The consensus view was that the drastic.

sensus view was that the drastic drop in oit prices would give a shot in the arm to the main

industrial countries.
Indeed, some technical monetarists even feared that way-above target rates of growth way above target rates of growth of some of the monetary aggregates in the US, UK and other countries would lead to an inflationary boom. Instead, average inflation rates have never been lower, and on some measures, "zero inflation" has already been achieved in the industrial world as a whole, although not in the UK.

The reason most often advanced for the pause is that the adverse effects of the oil price shock have come through

Not only are Opec countries Not only are Opec countries in trouble. So, too, are oil-producing regions within the industrial world such as Texas and the North Sea. The cut in oil exploration is having ripple effects throughout the capital goods industries.

By contrast, consumers and businesses, whose income and wealth have been boosted by lower oil prices can take their time to adjust to their in-creased purchasing power.

The London Business Schout June forecast release has an ingenious additional item to add to the litany of post hoc explanation. This is that huyers of products are now bolding off, waiting for the reduction in oil prices to work its way through their economies to the items they want to purchase. Accord-ing to the LBS, wholesale prices in the industrial countries are now falling and will not reach bottom until the third quarter

of this year. The LBS can cite some evidence for its thesis from the be-haviour of OECD output after the second oil price shock associated with the fall of the Shab, in early 1979. On that occasion expansion in the inworld continued throughout most of 1979, as

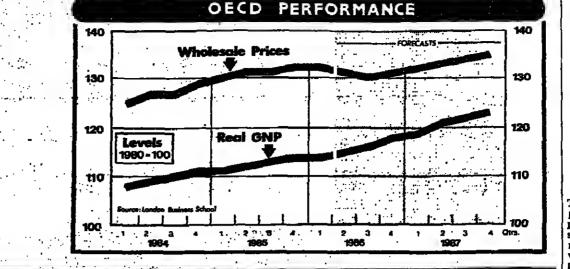
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Economic Viewpoint

A pause before a spurt

By Samuel Brittan



buyers built up stocks in anti-cipation of a rise in prices. The downturn did not come until

The case for expecting a resumption in growth later this year and in 1987 is the same as that the fall in oil prices would boost world activity. It is a matter of henefits postponed — and perhaps as a result coming

If the drop in the value of the dollar is taken into account, the real fall in the oil price aince 1985 amounts to over 60 per cent, and more than wipes

The fall in oil prices is equiva-lent to a reduction in indirect taxes worth 3 per cent of the GNP of the industrial countries. The offset is that there will be a similar reduction in income nn the part of Opec countries. The Opee offset will, however, be much less than complete. Some Opec countries cannot afford to reduce imports any further, Others have a sufficient cushion of financial assets in aveid matching the whole nf their reduction in oil revenues

But there is more to the case for an upturn than the hope that increased spending within the OECD will not be fully offset by lower spending by the oil-producing countries. The slow-ing in world inflation—and actual downturn of prices on some measures—has boosted the real value of financial assets. including liquid holdings, bonds and equities.

It has done so both directly and by facilitating lower interest rates throughout the world. The fall in the dollar -although it may ultimately curb US imports, despite Mr James Baker's grumblings, and thus withdraw one "support" for world activity-bad added

another support by making it easier for central banks to reduce their interest rates by greater than the oil price fall on its own would have

It is set such reasons that the LBS is expecting a rapid acceleration in growth in the industrial world. It expects growth of GNP in the main OECD countries to reach a peak of over 42 per cent in 1987—far more than the OECD and other consensus forecasters—with industrial production rising at rates so rapid that it will strain credibility if I reproduce them. The April German industrial production index, and some US economic indicators, are among the first signs that the upturn may now he resuming in upturn may now he resuming in earnest. Even the CBI interprets

its May survey in a moderately Judged by past standards, there would be nothing abnormal in the world economy recovering from its present pause and expanding at above trend rates in 1967, and beyond. Not quite 14 quarters have elapsed since the trough of the last recession, dated by the OECD as the fourth quarter of 1982. This is much longer

than the five to seven quarter in the last conlong expansionary phases of the
1860s and early 1970s, but still despite recent minor sethacks
much shorter than the last 20 in the latter. Construction and
quarters-long upswing which
carried on from the first
quarter of 1975 to the beginning of 1980.

The average annual rate of
growth in the latter expansion

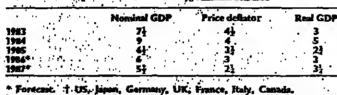
ning of 1980.

The average annual rate of growth in the latest expansion—about 32 per cent—has, like its 1975-80 predecessor, been much lower than in earlier upswings. This is one reason why it may be prolonged.

Although I am sceptical of optimistic forecasts, I am even more sceptical of chronically sulky British industrislists, who do not appreciate their good fortune in enjoying record increases in profits sustained over several years, with a return to profitability levels praviously enjoyed in the Golden Age before 1973. They deserve a Kinnock Government,

deserve a Kinnock Government, as do those voters who have forgotten what it is like to see the cars from Congress House roll up at No. 10. Anthony Bird draws attention in his June World Economic Prospects to the dis-crepancy between European indicators of industrial confi-dence which are weak and of

DEMAND, OUTPUT AND PRICES OECD "Big Seven" †



Source: DECD Economic Outlook, May 1986

than the five to seven quarter- financial and stock market con-

As he emphasises, industry's caution is likely to be more potent in the short term, because pessimistic husinessmen make decisions about inventory and investment. But the financial markets optimism will prevail in the longer lerm, when even European husiness-men wake up to the shot in the arm provided to OECD real income and 10 non-oil developing countries by the oil price cellapse and very low inflation

the picture. The LBS argues that the resumed world upturn in 1986-87 will eventually lead to some modest turnround in price levels in an inflationary direction.

Too many analysts, especially those of a Wall Street or financial market orientation, have been crying "world deflation" on the basis of falling wholesale prices, such as those shown in

the chart,

These falls reflect redoctions in oil and commodity prices originating from ontside the OECD. These are of a once-for-all nature. If they are merely not repeated, wholesale prices will start nnee more to rise again, at least slightly. If commodity prices hegin to recover, as the LBS expects, the effect will be all the greater. will he all the greater.

If we want a non-hysterical look at both the relative dangers of inflation and deflation, and the stance of policy, it is belpful to examine the movement of Nominal GDP and its hreakdown between real output growth and inflation—the latter as shown by the GDP deflator. The GDP deflator has the advan-tage over wholesale, and coner price indices of excluding

Import prices and therefore eliminating many temporary fluctuations, as well as showing the underlying rate of inflation generated by the iodustrial countries themselves.

OECD forecasts for the whole area show a gradual downward trend in Nominal GDP growth. but a big improvement in its position A pronounced fall is expected in internally generated inflation to just over generated matton to just over 2 per cent in 1987—which is still a far cry from "deflation." And the OECD expects it to be accompanied by a gradual acceleration of ontput, aithough not on the scale expected by the LES

LRS.
The UK is shown on the OECD analysis with a slightly higher growth of nominal demand than the average, a slower growth of output, but a higher internally generated inflation rate. This does not suggest much room for a policy stimulus.

Japan and Germany emerge from this analysis with expected nominal demand growth of around 4 to 5 per cent in 1986, taw but oot negative inflation, and growth ratea of just over 3 per cent—which may he too low to please the US Administration or world economic coordinators, but may be bigh enough for domestic electorates enough for domestic electorates to these two countries.

The one case, where there may be a gennine danger of "deflation" if the OECD is any thing like right is Japan in 1987, where cominal demand growth is expected to be just over 3 per cent, and the GDP deflator is expected to be virtu ally zero.

Any lower oumbers than this central forecast really will be "too deflationary." The danger is that the demand expanionists have cried "wolf" so often that the Japanese—and any others—may turn a deaf ear when there

Lombard

Keep it simple for investors

By Richard Lambert

with much enthusiasm. Such ptans, it is argued, will be costly to administer and of limited The Swedish authorities also appeal. But the government attach great importance to the could surprise the sceptics, provided it draws the right conclusions from the spectacular suc-cess of a similar scheme which has been operating for the past

few years in Sweden.
Launched by the previous administration, this bas now pulled in some 2m investors, or about one-third of the adult population. Total investment this year could exceed SKr 15bn — double the 1984

The scheme has much in common with the UK's proposed PEP. Investors put aside a set amount a month up to a maximum figure. This investment cannot itself he set off against income tax, but dividend income and capital gains are tax free. The one big difference is that Swedish investors have a choice: their money can go into a deposit type scheme as well as nto an equity fund.

where short-term capital gains are taxed at a top marginal rate of up to 80 per cent.

The British Government is

committed to reducing its atready much tower income tax rate, and with it the incentives to subscribe to a PEP. But the other main incredients of the Swedish model are more relevant to the UK policymakers. These are that the scheme offers savers great liquidity and is extremely uncomplicated.

Swedes can withdraw part or swedes can withdraw part or all of their funds at any time in return for a fee of just 1 per cent. The value which they attach to this freedom is measurable. The original ver-rion of the scheme affered much measurable. The original ver-sion of the scheme affered much bigger tax breaks — part of the money invested could be offset

THE BRITISH Government's but investors were locked in for proposals for personal equity five years. The Social Demoplans (PEP) designed to attract crats took away the income tax small shareholders to the slock concession end added much market have not been received greater liquidity — since when the number of investors has

one stage, thought was given to the idea of allowing investors who bad huilt up a hig enough sum (SKr 20,000) the freedom to buy individual stocks rather than to invest in an equity fund. But the notion was shelved on the grounds that it would make life too complicatcd.

This is where the British may be going wrong. The underlying principle of the PEP proposals is that a clear must be belween investors and shares, so that they can attend and vote at company meetings, receive information direct from the company, and henefit from shareholders' privileges in general. The political attractions of such an approach are obvious, but the cost may be

Apart from higher adminis-There are three main explantations for the Swedish success.

Tax-free capital gains and dividends are enormously attractive in a country where the tax rate for full-time wage earners averages around 50 per cent, and where short-term graits ratios expenses, the cash success.

Apart from figure administration expenses, the good of direct investment can only he derived by imposing all kinds of complicated rules—about how tong cash may he beld in a PEP when shares are switched, about how much cash be accurately as a proper summarized at the control of the con can be accumulated before making an investment, and so on. As currently envisaged, a PEP built up in one year must h, held throughout the follow-ing 12 months in order to qualify for tax relief, making it less liquid as well as a lot more complicated than the Swedish model.

> The likelihood is that, hy placing too much emphasis on the objective of direct numer-ship, the British Government will produce a scheme that will turn out to be a form of tax relief for people who would have been buying shares any way. Better, perhaps, to com-promise a little oo the political principle, and to come up with a plan which will attract new savers to equity-type invest-

United Kingdom shipbuilding

From the Board Member for Ship and Engine Building, British Shipbuilders

evera 10 established industry in the United Kingdom, snipbuilding has had difficulties in adjusting has had difficulties in adjusting to full international competition and dealing with a recession which is deeper ibao that experienced in the 1930s. The concluding paragraphs of the article by Correlli Barnett (May 28) when the conclusion is a constant of the article by Correlli Barnett (May 28). 28) were, bowever, grossly mis-leading and appeared to be an attempt to project previous difficulties as a reason for the current crisis. No meotion is made of the fact that it is an international problem, where world shipbuilding capacity is some 40 per cent greater than the current demand. The prices of particular ship types are often less now than they were in 1973, which means that all sbipbuilders are losing money and only survive with some form of subsidy.

The response of British Shipbuilders has been to introduce a major restructuring pro-gramme in which capacity, following the implementation of recently announced changes, will have heen reduced by 87 per cent from the oumbers employed at nationalisation in t977. This is significantly more than other European nations, who in general bave cut back

In parallel, there has been a In parallel, there has been a major programme of performance improvement, including product development of the type hinted at in the article, aimed at capitalising on our undoubted strengths in certain areas of technology. This has moved us away from always being in direct head-on competition with the world price leaders—Japan and Korea. It leaders—Japan and Korea. It also represents a major shift in our marketing strategy, allied to a determination to serve and support our customers. The programme has been concerned with every aspect of our operation, including a comprehensive training and retraining effort, improved manufacturing technology, using more semi-auto-matic and automatic equipment and a major investment in computers, placing us in the positioo of being world leaders in the epplication of computergraphics. Indeed, the capital investment In equipment over the last five years has exceeded \$50m and we now have well organised yards manned by trained per-sonnel, using the most modern technology.

Cost reductioo has also beeo achieved through reorganisation and a cutting of overheads, together with intensive discus-

Letters to the Editor

8 Storey's Gate, SW1.

Japanese high definition TV

Gennition I V
From Dr R-Evous
Sir,—I was delighted to see
Lombard (June 2) enthralled
with the quality of high definition TV in Japan.
The proposed 1125 line system,
is of course elearly better than
the current Japanese 525 line
TV standard which is the same
as that used in North America.
Anyone who has seen both

Anyone who has seen both North American and European

TV would agree that there is a more pressing need for the Americans to improve their TV.

Even for Europe there is a use-ful though not earth shattering improvement to be made by moving to TV standards in ex-cess of 1,000 lines.

There are a number of magic numbers" that come to

mind, some that fall naturally from TV technology, some from personal computers and, perhaps most important, some from the newly popular facsimile

If TV, personal computing and facsimila are to come to-

gether ou to one screen it is important that, the best magic number is chosen. The Japanese HDTV system gives us just

From Mr P. Carroll Sir, — Michael McShee (May

30) treats rather lightly the responsibilities of the trustees

of pension funds to safeguard the interest of the members. He

sees no "logic" in "the proposi-tion that employers should pro-vide benefits for members that were never part of the original

(Dr) B. T. Evans. 19 Cassiobury Park Ave.

Responsibilities

of trustees ···

Watford

The changes in working practice are also understated. There have been major improvements in the fiexibility of all employees and it is grossly unfair to belittle what has been achieved Indeed, it has involved changes at all levels, starting with management and supervision. The implementation of a massive range of changes has been accompanied by a communications programme, designed to keep everyone informed of what bas to be done and what each individual contribution must be. The net result of these changes is that we are now cost competitive we are now cost competitive with certainly the best in Europe and Scandinavia, This has been accompanied by cor-responding improvements in our delivery record, which would now bear comparison

with any competitor. We at British Shipbuilders would be pleased to show Correlli Barnett some of these changes in practice and would be more than cenfident that the article would have been quite different if it had been hased on some live research.

(Dr) Peter A. Milne. 136 Sondyford Road, Newcastle upon Tyne.

EEC competition policy

From the Industrial and Legal Information Officer, Commission of the European Communities

Sir,-It was interesting to read the recommendation of Michael Prowse (Lombard, May 27) that the competition policy of the EEC should replace the national version. In fact the two systems are broadly compatible systems are broady compatible and in practice can work fairly happily in tandem. As far as the Commission is concerned, short-age of staff is already a problem in this area and we could not take on the work of the Office of Fair Trading as well as dealing with restrictive practices at European level.

Mr Prowse rightly points out that EEC competition law can only be involved if trade be-

benealt promise. In this country an employer that failed to use the surplus in his pension fund to increase pensions in tween member states is affected. In fact, the EEC Court of Justice has established that a payment to go at least some way to meet increases in the cost of living would be break-ing faith with his employees even though such increases potential effect on such trade will usually be enough to bring a restrictive agreement within

McShee has been imbibing too freely American attitudes to employee benefits. In the US funds has been such a wide runds has been such a wide-spread scandal that it has been labelled the "problem of asset reversion." American legisla-tion that benefits be "determinable" bas no donbt provided plenty of opportunities for unscripulous employers to succumb to temptations of this of dominant position under Article 86 of the EEC Treaty. Robert Sheat,

have a responsibility to con

sider such benefits before agreeing to a claw back of

succumb to temptations of this kind which arise when the stock market is at a peak.
Rather than follow the Americans by introducing legislation that favours such malpractices would it not be better for our Government to ban all clawing back of pension funds so that employers and their actuarial advisors would take more care not to overfund the pension funds in their care by fixing a contribution rate at a high level and waiting several years before considering a review of funding and benefits:

Patrick Carroll 35 Canonbury Road, N1 Making a

judgment From the Secretary General, Committee of Vice-Chancellors and Principals of the

universities of the UK.

Sir.—You have in recent days published two league tables of universities. One (May 21) purported to be the "University Grant Committee's ranking of university performance in teach.

Grant Committees ranking or university performance in teaching and research."

The other (May 24) headed "Degrees of excellence" was an update of your education correspondent, Michael Dixon's, own now familiar league table of employability of each university's graduates. graduates. . Both articles stated that the

UGC had made a judgment as to the quality of teaching as well as research. This is not the case. As the chairman of the UGC told vice-chancellors and principals last week, "In making the distribution we have made a judgment about the quality of research but we have made no quality judgment an teaching. The teaching distribution was done on the basis of numbers and subject distribution alone."

The UGC has also made it clear that this teaching distribu tion was the most important determinant of this year's allocation. This means that your first table is not a rank order of quality, simply of cash grants.

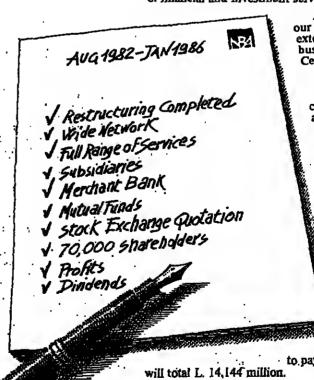
B. H. Taylor.

29, Tavistock Square, WC1. Michael Dixon torites: The UGC stated on May 20 that the method used for distributing the grant was "based partly on teaching and research criteria." I am informed that although the sions with suppliers who, on average, represent some 60 per cent of the total cost of our products. This has been done with a view to the future, io what is forecast to be an expanding industry in the carly 1990s.

A restrictive agreement within even though such increases were never promised in the future affected by EEC law, as Mr discretionary increases in benefits in respect of ill-health retirement and early retirement an a merger could amount to abuse also be important and trustees different institutions.

YET ANOTHER PROGRESS REPORT.

We can claim considerable progress since our establishment in August 1982. In fact, we are a very different kind of hank - fully equipped with a wide range of financial and investment services.



As a commercial hank we operate, together with our subsidiary Banca Cattolica del Veneto, an extensive network of hranches throughout the major business and commercial centres of Northern and

In addition, we control

·Fiscambi, which operates financial service companies in the areas of Fectoring, Leasing, and Real Estate Financiog, and

La Ceotrale, a merchant hank.

Nuovo Banco Ambrosiano, Banca Cattolica del Veneto and Fiscambi are quoted on the Milan Stock Exchange.

Our capital and reserves have almost doubled. Shares are held 58% by ten banks (two of which are State controlled) while the remaining 42% is in the hands of some 70,000 individuals.

Fondo Centrale, our investment fund, lauoched in October 1985, has already achieved wide acceptance and has demonstrated a performance well above the national average.

Profits for 1985 amounted to L. 23,382 million after L. 127,652 million provision for reserves and

amortization. We are now in a position to pay our first dividends which, on last year's results,

At this stage, we wish to convey sincore thanks to all who have contributed to our results and re-structuring. This includes not only our own staff and investors but our many friends and colleagues throughout the world.



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FINANCIAL TIMES

Thursday June 5 1986



Rupert Cornwell explains doubts surrounding the start-up of a fast-breeder reactor

Germans shun a nuclear white elephant

AT KALKAR, it must be said at the outset, all is quiet. There are no encampments of Greens and environmentalists around West Germany's first commercial fast-breeder reac tor, louring square, grey and mas-sive over the flat countryside of the lower Rhine, close to the border with the Netherlands. Police contingents are notable only by their ab-

True, the number of visitors to the information centre within the reactor complex has leapt since the Chernobyl disaster to 1,000 a day, and a Breughelesque mural on a nearby harn wall depicts the local populace cast into a radiation-filled hell, beneath the mocking gaze of a harlequin bearing the latters KWU, for Kraftwerk Union, the prime contractor for the project.

But Kalkar, named after a small idyllic town nearby founded 756 years ago by the counts of Kleve, has experienced none of the week-ends of lurid violence which have disfigured protest against the planned nuclear reprocessing plant at Wackersdorf in Bavaria.

Yet Kalka, or rather the plant which has given it celebrity for the first time since the decline of the wool trade epitomises the quandary of the nuclear planners in Boon. In short, it might yet be the most ex-pensive and diplomatically embarrassing casualty of the anti-atomic crusade in Germany.

Wackersdorf may have drawn the headlines, but it is no more than a hole in the ground in a forest clearing. Kalkar on the other hand has been under construction since 1973. Today, at a cost of DM 6.5bn (\$2.8bn) - provided not only by West Germany, but also by Belgium and the Netherlands, which each have 15 per cent of the project - it is virtually ready.

which predates by more than a dec-ade the disaster in the Soviet Union, ensures that the West German authorities, at both federal and state level, are second to none in their insistence on safety. Kalkar

win management control of Valéo.

the leading French car components

group. But the French Government

will try to limit his power as a shareholder by limiting his stake in

the motor components group to 20

French industry sources said yes-

terday that an agreement between Mr De Benedetti, the chairman of

MR CARLO DE BENEDETTI, the reached with Mr De Benedetti.

BRITAIN TO ALLOW FULL INSPECTION OF SELLAFIELD

The European Commission yesterday won a long-running battle with the British Government to gain full access to civil nuclear reprocessing facilities at the controversial Sellafield plant, writes Tim Dickson in Brussels. The agreement, which enables inspectors of Euratom, the EEC's atomic energy authority, to check for the first time areas where both civil and military rial is handled, could have important implica material is nancied, could have important impacts
tions for the application of EEC safeguards to the
French nuclear industry. These safegaurds, which apply automatically in member states under the Treaty
of Rome, are strictly limited to civil nuclear programmes procedures include the keeping of records of the flow of and stocks of nuclear material. The Commission stressed yesterday that Euratom inspectors have always had access to the purely civil areas of the Sellafield site, but since joining the EEC the British Government has refused them entry to the so-called "mixed facilities" (including the Magnox reprocessing plant) where military material is also handled. Eurat-om has nevertheless insisted during years of negotiations that it has a right and duty to verify the civil op-

wake of the Chernobyl disaster in the Soviet Union -was described by a British official yesterday as "purewas described by a British official yesterday as "pure-ly accidental." Technical agreement, he added, had been reached between the two sides two months ago. A Commission official explained that after years of deadlock the British Government first changed its po-sition in 1984. Public desquiet resulting from the well publicised problems at Sellafield, he thought, may have received up the first screement. — Maurice have speeded up the final agreement. • Maurice Samuelson writes: Sellafield reprocesses fuel from UK Magnox power stations as well as similar plants in Italy and Japan. The fuel, which comes in the form of uranium rods in magnesium oxide cases, is reproed into uranium, plutonium and other products.
plutonium is either returned to the electricity industry for further fuel applications or directed to military purposes. The reprocessing has the dual ability to produce "weapons grade" plutonium or plutonium

erations within the mixed facilities and that this can

be done without any threat to national security. The

the fuel elements and for an experi- tainty. The appointment of the which the West German constituter is a token of its concern.

The central Government says the plant will see active service. So at east it reassured a somewhat anxious Mr Wilfried Martens, the Belgian Prime Minister, whose country has already spent DM 510m on Kalkar, during a recent visit to Bonn. But Brussels and The Hague are already wondering whether they will be able to claim compensation if the whole thing comes to naught. "Kal-kar could be one of the biggest white elephants in history," says a Belgian official.

The Chernohyl debate still reverberates through Germany, and all political calculations before the national elections of next January are being rethought. The Christian at the outset clumsily tried to face down the nuclear storm, is now changing its tune, fearful that un-equivocally to champioo nuclear power could turn a threatened de-feat in the key state election in clearances and two more are still to feat in the key state election in be granted, for the installation of Lower Saxony on June 15 into a cer-

Benedetti responsibility for the in-dustrial strategy of the car compo-

nents group. After buying nearly 20 per cent of the shares, he had been

seeking to acquire a further 16 per cent stake in the company but was

temporarily halted by the French

Conservative Government. The Government declared Valeo "a de-fence industry" to block Mr De Ben-edetti's additional share purchase.

Mr De Benedetti paid about FFr 500m (\$46.3m) for his initial stake of

country's first environment minis-

crat (FDP) allies have shifted their stance uncomfortably on to the fence. The opposition Social Democrats (SPD), propelled as much by anxiety at losing votes to the resur-gent, anti-nuclear Greens to its left as by an inherent hostility to nuclear power, now demands aban-donment of it in favour of other en-

The Greens want every one of the 20 operating reactors, which pro-vide 31 per cent of West Germany's Even the influential union movement, long in favour of nuclear energy, is now demanding its replacein the longer term. Only the CSU in Bavaria, whipped on by its master, Mr Franz Josef Strauss, remains wholeheartedly in favour of nuclear power stations in general, and Wackersdorf in particular. The cacophony at national level

tutions with a 15 per cent stake in Valeo and the CGIP French indus-

trial group, which will take a 10 per

group.

The agreement is clearly favou-

rable to Mr De Benedetti, who will

ultimately get much of what he

wanted without having to put up ad-

ditional cash. At the same time, the French car companies claim they are satisfied that the agreement

will preserve Valeo's independence.

trying to resist Mr De Benedetti's

tion entrusts a huge say in local nu-clear policy. Brokdorf, a station due to go on stream this month, has now been held up on order of the Christian Democrat government in Schleswig-Holstein, for fear of political repercussions in neighbouring

Ominous question marks, too, ust hang over three other stations, due to be completed in 1988

In those states run by the Social In the meantime, the advocates of Democrats, the prospects for any nuclear power are sitting tight, in extension of nuclear energy are the hope of friendlier times. Mr Gu-

While a solution over the future

of Valéo has finally been reached the efforts of Matra, the French

Fiat are still blocked.

state-controlled defence and electronics group, to merge its car com-ponents subsidiaries with those of

nounced shortly be will be flanked when the company is expected to

Passions have been inflamed fur ther by the belated disclosure of a tiny leak of radioactivity from a high-temperature reactor at Hamm, near Dortmund, on May 4, a few sen has accused VEW, the utility

which operates the reactor, of a cover-up. VEW originally threat-ened to sue him for defamation. The Greens demanded his resigna tion for negligence, and by Monday night 40 local farmers had blocked access roads to the site. By Wednes-day, tempers had cooled, but the reactor was still closed.

The rumpus to an outsider might look exaggerated. But for Kalkar it is more bad news. Cheap oil and a surfeit of electric power has made the 300 MW that the fast-breeder would offer redundant - for the time being at least. Primarily, Kal-kar is a demonstration reactor, West Germany's entrant in a technology that offers a 60-fold increase in the energy obtainable from a giv en quantity of uranium.

The earliest start-up date for Kal kar is after the January election when nuclear passions here may have cooled, always assuming that the CDU/CSU/FDP alliance retains power in Bonn. But even that may be wishful-thinking.

"Chernobyl was the last thing we needed," says Mr August-Wilhelm Eitz, head of Schnell-Brueter-Kernkraftgesellschaft (SBK), the three-nation consortium operating the fast breeder. The SPD may now get what it wants: the painless and 1989 in Lower Saxony, Badendeath of Kalkar." Theoretically, the
Württemberg and Bavaria, alGovernment in Boon can ultimately though all three states are today override a state authority - but in ruled by parties in the present Gov- this climate, it surely would not

enter Brueck of Deutsches Atom remoter still - and nowhere more so than in North Rhine-Westphalia, In Forum, a pro-nuclear-umbrella as which Kalkar lies. Mr Reimut Jo- sociation, stresses that the original chimsen, the state's economics min-ister, backed by Mr Johannes Rau, its Prime Minister and the SPD candidate for Chancellor next Janu-warns. "If you ask me now if Kalkar will ever go into service, I just can't

Pacific cable may cut cost of calls

By Jason Crisp in London

The two companies propose creating a joint subsidiary grouping their car components interests. A JOINT VENTURE between Britan's Cable and Wireless and Pacific Telecom of the US plans to build a \$500m fibre optic submarine cable across the Pacific Ocean by the end This would be 65 per cent controlled by the Italian car group.

However, the French Government and the French car companies are against giving Fiat majority control of the venture.

The cable would run from Washington State and Alaska to Japan and would dramatically increase competition for the highly profi-table international telecommunica-tions traffic. In another joint ven-ture Cable and Wireless is already planning to build two transatiantic fibre optic cables.

Competition from cables using optical fibres which have large capacity compared with existing cables and satellites is likely to mean a sharp fall in the price of international calls. The national tele phone administrations are also building two transatlantic fibre op-tic cables and one across the Pacific. If the four transatiantic cables

are installed, capacity will rise 12fold in five years. Cable and Wireless plans to link the Pacific and Atlantic cables with fibre optics across the US which would give a direct and high-quality link between Europe, The US and

It will probably lease the capacity from US carriers when a coast-to coast route is established. A fibre optic cable is also likely to be built between Japan and Hong Kong where Cable and Wireless enjoys a

Until the Federal Communica tions Commission (FCC)-gave pernission for a private trai sable, all international calls were the effective monopoly of the na-tional telephone administrations.

Yesterday the new joint venture— Pacific Telecom Cable — filed an application with the FCC for a licence to build a across the pacific citing the precedent of the transatiantic

The consortium of Japanese companies which will pay for half the cable and negotiate the right to land the cable in Japan has not been named. But two groups are reported to be fighting for a licence to compete with Kokusai Denshin Denwa which has Japan's interna

tional monopoly.

A consortium of Mitsubishi, Mitsui and Sumitomo has declared an national co-operation on economic issues which he bad implemented.

Mr Pöhl, for example, cited the change in US attitudes as a key facture in US attitudes as a key tor in the progress that has been countries that suffered an oil thought to be going on between all made, describing it as "a remark-shock." THE LEX COLUMN

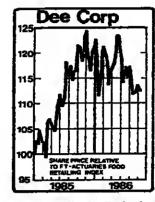
More dough for Mr Weston

The difficulty of keeping a secret in the City of London now being what it is, not a soul was surprised at yesterday morning's placing by the Dee Corporation. Indeed, the details had been sufficiently wellknown on the previous afternoon for Dee's shares to have fallen by about 8 per cent during tha meeting at which the terms of the issue were supposed to have been fixed. The inevitable London Stock Exchange investigation is unlikely to expose profiteering on the grand scale, but if it makes at least a few people feel very uncomfortable in-deed it will have served its turn.

The acquisition of Fine Fare is perhaps the last great purchase of market share that Dee is likely to make in UK food retailing. There are non-too-many 5 per cent shares floating around, and few of them would now fill gaps in Dee's geographical coverage without at the same time creating pockets of unaccept-able concentration. With 11 per cent of the market, Dee is now ruhbing shoulders with Tesco, and will lay claim to a greater retail cash flow than Sainsbury.

Dee should also get much more out of Fine Fare than AB Foods would have been shie to. As a dominant UK food manufacturer, ABF was unable to trade as aggressively in its supermarket chains as it might have liked. And the option of ploughing the group's accumulated net cash into Fine Fare would have amounted to a declaration of war on ABFa main customers - the other food chains. Moreover, with standard retail accounting policies allowing the capitalisation of interest and the inclusion of profits on store disposals in pre-tax profit, Dee's revenue account should in any case extract more profit from Fine Fare

than the ultra-conservative ABF.
Where ABF will take its winnings is one of the great enigmas, Including 15 per cent of Dee's equity, net liquid resources now amount to alliquid resources now amount to al-most £900m, which is producing re-turns on the street that must increasingly fall short of what ABF might be earning in milling, baking or even the Bishop's Stortford Golf Club (now sold to Dee). To be loaded with cash does nothing at all for the return oo shareholders' eq-uity, as the controlling shareholiers of ABF are well aware. If ABF were to gear up, it could create some pretty formidable waves in the world food scene, or perhaps



of the vendor rights issue, rapidly matters, there seems no reason the becoming a company trade mark. multiple should not go down it.

The more rapacious underwriters of 1986 and 1987 at the offer price. The the largest London vendor placing danger is that the Malaysiar so far (about £350m in fully-paid might operate a tap in their resid form) wanted to minimise the al 64 per cent holding - or stage amount that could be clawed back dawn placing through Rowe & Pi by existing shareholders, on the grounds that any upside in the Dee share price should go to the riskbearers. More generously, victory for the institutious, which wanted a 75 per cent clawback form the placing, has protected the interests of current shareholders. With 25 per cent of Dee's equity still to be registered after the previous placing, a rights issue would not have helped.

The return of Guthrie to the stock market will have none of the pan-ache of its departure after a Malaysian dawn raid in 1981. Companies with a host of unrelated and farflung manufacturing assets and predominantly North American earnings are scarcely the flavour of

this month's equity market.
The management installed by the
Malaysians inherited a muddle of defensive activities, from making firemen's hoses to fitting gold taps to executive aircraft. In a period where the Malaysians put no capital in, management succeeded in degearing the balance sheet despite more or less compulsory investment in underperforming assets 50 per cent ahead of depreciation. Last lem, and Reed's track record wit year, Guthrie generated a cash sur-plus at a level where any self-re-ther cost savings, lower interewant to take some capital out and attract a dividend stream.

American automotive son ness with Ford and GM to the e tent that it can generate for new i . vestors half-way reliable earning and the £16m the company rais will presumably go, not to refin tax-efficient North American del but to buy some UK earnings alm is side a successful and growing capet underlay business. But Guthr is still saddled with an induction heating operation of dubious viable ty, an aviation service that is pai fully adjusting to the post-gold ta era and some Australian curio

ings multiple of nine is not askin More immediately. Dee's share much from the dog businesses; me bolders will be debating the merits since management is canny in to

Reed International

It is hard to quibble with Reed is ternational's success so far in su ing itself out, but then it had a lot: scope. Although yesterday's resid were confused by every sort of e. ceptional, the 28 per cent pre-taprofit rise to £137 Am for the yeart March put 86p on the shares to 930p. That profit gain was despit mainly unfavourable trading cond tions. Instead, it came from the work done to reduce the cost baand improve efficiency with he from lower energy prices. Reed cuts extend to the balance sheets well and the fall in net debt is only beginning to come through to the

Having proved itself as a hade: Reed must now show that it is ". nearly half of trading profits, as the main growth generator, Reed Po lishing, the trade journal and ext hitlon business, seems capable expanding one way or another. Be consumer publishing is still a pro payments and modest growth col-lift profits this year above £155a attract a dividend stream.

Even on a higher tax charge the prospective p/e is under 11 which could be prospect

It's typical of Bovis that even a project which pushed building

techniques and technology to new,

breathtaking dimensions has been

brought home immaculate, as planned

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and on time.

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Ask for John Newton.

Olivetti, and the Government over the future of Valeo was expected to be announced soon. French car industry officials also confirmed that nearly 20 per cent which makes both Peugeot and Renault were not him Valeo's single higgest sharehol-

Bonn achieves

record trade surplus

Continued from Page 1

Officials in Bonn maintain that as the year progresses the trade surplus will shrink, as greater con-sumer demand sucks in more imports and the initial perverse effect of a more expensive D-Mark, which depresses the value of imports,

The problem for the authorities, however, remains that the domestic economy is showing less vigour latest figures for industrial production and ordera, also released yesterday, suggest that, after a poor first quarter, the picture may be im-

industry climbed in April by 1.5 per cent, after declining in March, total orders booked in April rose by 4 per ger interest from domestic custom-

Washington accused of

De Benedetti set to win control of Valéo

Continued from Page 1

ground stations. Marshal Akhromeyev, holding a copy of the Salt-2 treaty, said the Soviet side was not encrypting or coding signals about throw weight, launch weight, geu-eral dimensions, type of fuel and number of warheads because this was banned by Salt. Other signals are coded. When the Soviets asked the US what it wanted to know about the coded signals they received no reply, be said.

The Krasnoyarsk radar station in

tion now under construction, is for tracking Soviet and US space vehi-cles. Scientists would be able to tell from its radar emissions once it came into operation that this was the purpose of the station. He denied it was for anti-missile defence. and claimed the Soviet offer of talks about Krasnoyarsk and two

jeopardising summit

Siberia. Mr Bessmertnykh repeated the Soviet claim thet this radar sta-

radar stations in Greenland and Britain were rejected by the US. Mr Bessmertnykh said US accu-sations of Soviet violations of Salt treaties were merely attempts to justify planned American violations. The US had only mentioned the Soviet development of the SS-25 as a Salt violation in 1983 when it seriously began to consider the de-velopment of the Midgetman mis-

Marshal Akhromeyev said the Soviet Union would not allow the US to shift the present military parity between the superpowers in Its

military response to the US aban-doning Salt he referred to Western press reports of the Soviet Union

Airbus faces new Boeing challenge

Continued from Page 1

jet ever, exceeding the 1,831 total of the earlier Boeing 727, now out of

The 737-400 will be cheaper than the A-320, because of lower development costs. Boeing will also develop it quickly, to get it into the market-place alongside the A-320.

So far, Airbus has won orders for more than 100 A-320s, but Boeing believes that the further orders for 737-400s now in negotiation will soon overtake the A-320 figure. Some existing orders for earlier 737s may now be converted to Ser-

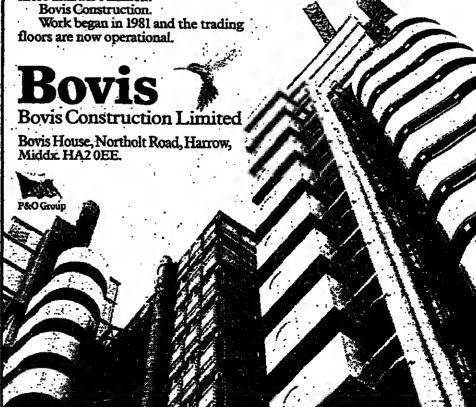
The 737-400 will have a fuselage stretch of 9 feet 6 inches, to enable it to carry the higger 145-seat playbeing easily capable of increasing load. The engines will be the same the number of warheads on its as in the existing 737-300, the Franheavy intercontinental ballistic mis- co-US (Snecma-General Electric)

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And who did the underwriters rely on to carry out their investment of more than £150 million?





Growth key to rates

"They find this pressure to grow very disturbing," the official said, adding that there were concerns that too rapid a dollar devaluation intervention in exchange markets would reignite inflationary pres-sures in the US which they feared were not as subdued as current statistics suggested, influenced as they were by the sudden fall in oil prices.

While uneasy about US pressure, some officials yesterday made clear that they still welcomed Mr Baker's efforts to improve international economic policy co-ordination, and the shift in US attitudes towards inter-

tude and behaviour." He empha-sised, too, that he would not exclude • Mr Vokker said be continued to see a debt crisis for the Third World, particularly those countries hardest hit by falling oil prices,

Mr Volcker said: "We have made very real progress over the last three years followed by some very real problems," in terms of Third World debt.

Reuter reports from Boston.

SECTION III

FINANCIAL TIMES SURVEY

As Australia moves As Australia moves towards its bicentenary AUSTralia in 1988 it is, like those early settlers,

in for a testing time. Mr Hawke's Labor Government faces enormous challenges now that the country has slipped out of the top ten in the world economic league

Rough water ahead

politan nation of immigrants 1983, inst n month after securing will proudly toast their liberal democracy and standard of life, Party, be was re-elected at the proclaim their unity in diversity end of 1984 and expects to take and bask confidently in the prospect of a bright future.

Note in march of the securing the leadership of the Labor democracy and standard of life, Party, be was re-elected at the prospect of a bright future.

While the securing to securing the leadership of the Labor democracy and standard of life, Party, be was re-elected at the prospect of a bright future.

collective streak.

But this most urbanised of people, dwelling so securely on the sun-baked rim of a sparse South Sea island the size of Western Europe, now faces enormous challenges in coping with the future. Their optimism. with the future. Their optimism, like that of the earliest settlers,

winning the next poll, conveniently due around the time of the bicentennial.

His ambition is to do in Australia what Mr Harold Wilson failed to achieve in Britain what he was to be a second to be a se

By Chris Sherwell

opposition-coalition of the Liberal party and the National party, which has dominated government aince the Federation was the Government has paid for formed in 1901, is determined to regain what it sees as its rightful place in power.

Anstralia has now alipped out of the top ten in the world economic league. Indeed, there is no shortage of Australians warning that their country is oow truly on the slide

The nation, they say, has been living beyond its means for too long. They point to crime, corruption and drug abuse, to cloistered uneoterprising businessmen and bloodyminded trade unions, to lost generations caused by high nnemployment and to complete its third successive portion over this over this over this over the forecast for 1986-87 ment's difficulties bere have been tightened, driving since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia shaften while valuation interest rates to record high tries, including Britain. Anstralia shaften while valuation interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia shaften while valuation interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since been tightened, driving interest rates to record high tries, including Britain. Anstralia and for many since be

IN JUST 19 months' time, extraordinary country's affairs Australia will bave seen an australia celebrates the 200th ia Mr Bob Hawke, the down-to-anniversary of its first foreign earth 56-year-old Prime Minissettlement A 16m-strong cosmoler. Voted into office in March

Its partners in the Organisation for Economic Co-operation and Devetopment (OECD).

Stoked by a fiscal stimulus which began under the previous Fraser Government, and helped by the early breaking of a drought and the US's recovery, the growth has created more than 600,000 new jobs and become Mr Hawke's greatest political asset. But it has not come without cost, most cru-No one would deny the Anstralians their just celebration. From a blend of British, European and American institutions and cultures they bave forged a unique society—full of opportunity yet egalitation. The conservative rian, individualistic yet with a collective streak.

winning the next poll, converted by the early oreaking of a drought and the US's recovery, the growth has created more than 600,000 new jobs and become Mr Hawke's greatest political asset. But it has not come without cost, most crucially to the balance of payments. The current account deficit will rise above A\$13bn in ments. The current account deficit will rise above A\$13bn in 1985-86, around 6 per cent of gross domestic product and well

regain what it sees as its rightful currency slide—30 per cent on a place in power.

If this seems a surprise, it is worth remembering that Anstralia has now alipped out of the top ten in the world economic league ladead the first transfer of the world's industrial counsister of the world's industrial counsister of the world's industrial counsister of the world in the world interest rates to record him.



the slide in world prices. Which In the financial sector, where has caused Australia's terms of the currency and interest reter trade to worse disturbingly.

An even bigger problem is n triple promise made by Mr Hawke shead of the 1984 election. Known misleadingly as the made of the state "trilogy," it commits the Govmit" involing the Government, ernment not to increase its spending or tax revennes, and to a reduction in the budget and fringe benefits taxes, and to income tax cuts at upper levels of income.

The Labor Government is covernment.

on the party's left.

But this is oot all. Mr Hawke has constructed a whole editice of economic policy from a network of fragile bnilding blocks, of which the trilogy is but one. Another is deregulation, at least of serious the more slowly than prices and the share of profits of which the trilogy is but one. In September last year the

gross domestic product.

The Labor Government is oow in the midst of a second round of cuts since that pledge was made, and is finding the process extremely painful. Failure to meet this year's target of A\$1.4bo would rupture one part of the trilogy and thereby all of Labor and the trade unioo it. To reach it may mean welfare cuts which would cause uproar on the party's left.

But this is oot all. Mr Hawke ment and partly to gennine

Profile: Simon Crean **Button Car Plan**

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The Economy

Banking Stock Market

Foreign Policy

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Pay Accord

lar's depreciation.
To the Liberals, the Governthe inordinate influence given to the uoions. Yet, while com-

mployers, for example, recngnise that the Accord bas been good for them, and would be unhappy to see it collapse. The received the agreement io the "Accord Mark II," under which labour showed further restraint. The unions stopped short of demanding full indexation for the inflationary impact of the dellar's depreciation. unhappy to see it collapse. The wider perception is that, in the nine months since be took over from Mr Andrew Peacock as leader, Mr Howard bas yet to capture the public imagination—even though the opposition, despite its diamnity, has stayed well within striking dist-ance of Labor io the opinion

tion payments.

Needless to say, it is one of the contradictions of Labor policy that its commitment to market forces in the financial sector is Politics in Australia is a notoriously venal business, and no one doubts that the opposition's real problem is that Mr Hawke has captured the ground from uoder its feet. Naturally conservative himself, be has overcome the left of bis party and offered noticing to retain not matched in the highly insti-tutionalised labour market. More importantly, failure to deliver oo the Accord and on tax reform would drive a coach and horses through Labor's commitments to workers and taxpayers, and could threaten the Government's survival. and offered policies to retain the popular support of a largely conservative electorate by avoiding any reminders of the disastrous Whitiam experience in the 1970s.

Labor bas already begun com-plaining bitterly at the apparent That bas in turn pushed the failure of business to respond to opposition out to the right. The the changed environment. But Liberals stoutly maintain that Mr John Howard, the opposition their alternative will appeal to

of the dollar's depreciation, deferred claims for productivity

increases and agreed to take its proceeds later as superannua-

Gold Alnminium 5 Agriculture Industrial Restructuring America's Cup Tourism Doing Business Down Under This survey is an integral part of today's issue of the Financial Times and is not for sale as a separate section

Natural Resources

overview

leader, finds ptenty to make political capital from: the unemployment rate turning back np, record high ioterest rates, high inflation, the large current account deficit and beavy foreign debt, and the dol-large depreciation.

An upset is not impossible. ment seems most vulnerable on the tax issue. On the political front they see its weakness as unhappily next week when they are told by the Government that mitted even more intenaely than Labor to market-orientated free-enterprise policies in a push for greater productivity and competitiveoess, Mr Haward faces serious problems winning full-blooded electoral to the states' purse strings must be cut. The Labor Party's biannual conference next month may well be stormy. Both the budget, due to August, and the subsequent tax cuts, are posing problems—and Labor does not controlled or upper butter. quent tax cuts, are posing prob-lems—and Labor does not con-trol the Senate, or upper bouse,

where the Democrats, a third party, have the balance of power.

A further political complication is posed by the continuing 2½-year saga of a High Court judge, Justice Lionel Murphy, who stands accused of misbebaviour and is now the subject of a parliamentary inquiry which is expected to report by September. A former Labor Attorney General, Justice Murphy is a party favourite, If be phy is a party favourite. If be bas to go, Mr Hnwke will face still more trouble.

to narrow as the next election approaches. Electoral con-siderations are starting to count more, and an early election is not ruled out. Whether the electorate would readily accept what would be the second in a row is another matter. Austra-lia, something of an over-gov-erned country as it is, bas too many elections for most people's liking, partly because vot-ing ls compulsory.

CONTINUED ON PAGE TWO

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Inflation Rates

Economy

Caught in a series of interlocking traps

THE AUSTRALIAN economy is poised like a surfer skimming a giant corling wave: it will either gracefully ride out the current foamiog crisis, or it will be over-whelmed and, like the surfer. crash over in a "wipe out." There is no middle way.

The economy has registered one of the fastest growth rates in the OECD area in recent years, but Is also deeper in real crisis than most other OECD econo-

mies.
The coulotry is an endless list of such paradoxes: a huge land mass with a tiny population: a high-wage economy with low productivity; Third World balance-of-payments problems conpled with the most sophisticated First World figurely.

cated First World ficancial innovations.

Nobody is clear in the debate about whether the most likely course for the economy will be to become competitive with the auper-efficient competitor nations of Asia, or to slump to the irredeemable depths plumbed by the Argentine

economy.

In recent times, the citizens have been warned by a leading industrialist that they risk becoming the poor white trash of Asia; and by their increasingly anxious Labor Treasurer, Mr Paul Keatiog, that, unless they uoderstaod just "what sort of an international hole Australia is in," the country will quickly become the country will quickly become

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all, been in deep holes before, in both the 1930s and 1960s, and something has always turned up hence the nickame "Lucky Country.

But the something has been an upturn in commodity prices, or the discovery of new deposits of mineral wealth for which the

world was clamouring.
The result has been that the Australian ecocomy has relied ever increasingly on its com-modities — natural resources and primary agricultural pro-ducts — aod has become some-thing of a single-sector

The world demand for all these problems is ahrinking, and prices have tumbled, accelerit is a major supplier of such products. Australia bas always been a price-taker rather than setter, and has been unable to mitigate the effects of the price

A lack of entrepreneurial and trading spirit io the country, tracing spirit to the country, industries heavily protected by tariffs and barriers, and a highly paid, rigidly unicoised workforce have left the country in a weak position to make rapid structural edjustments to the change in its fortunes.

Mr Bob Hawke, the Prime Mioister, and Mr Keating moved early in the life of the Governa banana republic.

These dire warnings appear particularly through financial to be received with a good deal deregulation, accepting that

of arm's-length scepticism, this would make it more diffi-however. Australia has, after cult to altempt centrally plancult to altempt centrally plan-ned control of the entire

economy.

Instead, they have moved on all fronts separately: a tightly restrictive monetary policy bas been used to throttle off the growth which was threatening to overheat last year. Unions have been pulled into accords which have cut the growth in real wages, in return for supplyreal wages, in return for suppry-side initiatives like tax cuts. The Anstralian dollar bas been floated and has depreciated rapidly, particularly against the

US dollar and the Japanese yen. The policles have as far not been enough, and the new crisis bluges on a current-account deficit which has continued to widen against all expectations. But that is not to say that there

bave not been some notable achievements since 1983. Tha crnciat accord between government and unions choked off the ment and unions choked off the rise io real wages, in a country which was increasingly unable to afford the very high tiving standards that previous prosperity has delivered. More thao 600,000 new jobs have been created which, in a country with a population of just 16m and a workforce of only 5.5m, is a remarkable achievement. remarkable achievement, masked by the fact that the rapid rise in the size of the workforce bas meant that unemployment bas barely

THE GOVERNMENT and trade unlons of Anstralia have been playing hall with each other for

hree years in the hope of kick-

three years in the hope of ack-ling the economy into shape. The Government now appears to be about to move the goal posts unilaterally and the uoions are threatening to walk off.

When Mr Bob Hawke'a Labor when Mr Bob Hawke a Labor Government was elected in 1983 an agreement was set up with his old power base, the Austra-lian Council of Trades Unions,

to try to keep government and unions in harness.

The accord was a straightfor-

ward incomes policy. Its corner-stone was a guarantee of index-

ation of wages for movements in the consumer price index in

The slow rise in wages was accompanied by rapid growth in ontput, a sustained revival of

Mare Light 1981:10(1

Currency Movements | Australian Dollar

nanies to invest), and foreign investment would pour in. The halance of payments would come under control, and external deht would fall back to less worrying levels. So the theory

ing from the trauma of the early 1980s recession better than many other industrialised coun-Mr Keatiog warned that it was vital that the benefits of the currency depreciation were not lost by being passed straight through in money wages. The continuation of the pay accord stopped this happening; wages have risen by under 4 per cent in the last year, while consumer However, trouble was quickly storing up. Australia had been sustaining much of its recovery sustaining much of its recovery through borrowing; and the private sector, deterred by high domestic interest rates, borrowed heavily abroad. Net external debt soared from A\$7.3bn in 1980 (6.3 per cent of GDP) to A\$52bn (25 per ceot of GDP) in 1985.

He also warned that it woold be some time before the trade began to look unmanageable. Growth accelerated, bul largely alide benefited from the devaluation effects, because of the typical tima lag involved. As a resolt, Australia became probgreat inhalations of imports ably the only nation in the world international confidence in Australia's abality to pull itself into non-inflationary growth

evaporated.

The resulting sbarp devaluation in the dollar should bave been good news for the economy. Exporters would benefit, imports would slow, stability woold reign (eocouraging com-

latterly, however, signs within the composents of imports that business is starting to bring in the type of semi-finished manufactures that are a precursor to new investment in a country notgenerally able to produce its basic industrial founda-

In a sense, Mr Keating is running out of time. He has to present a new budget in August; the unions are getting restless as their side of the pact fails to deliver either major threstment

or falling onemployment; income tax cuts and pension arrangements, promised in return for the pay pact, are imminent at a time when the situation continues to deterio-

rate.

The current account deficit rose from A\$6.4bn in 1982-83 (3.9 return for the pay pact, are per cent of GDP) to A\$7.3bn in imminent at a time when the 1983-84 (4 per cent) and economy is least able to absorb A\$10.3bn in 1984-85 (4.9 per them; and, worst of all, the trade cent). In the current year, which ends at the end of June, the rate.

"If we fail, Anstralia's basically done for, We'll just end up being a third-rate economy," he said.

Unless government spending slowed, imports fell and manufacturing investment picked up the only way to deal with the payments deficit would be to close the economy down.

"You cut all tha growth to zero, you stop all imports grow-

the typical time lag involved. As a result, Australia became probably the only nation in the world where the daily chat was about the J-curve, the economic repre-sentation of the upturn in trade

While foreign investment dld pick up, and interest rates up around the 18 per cent mark Bank. "Mhore is the J-curve? We can't wait forever." said Simon

economy is least able to absorb them; and, worst of all, the trade

restrictive policies were supposed to contain the deficit at rose from A\$6.4bo in 1982-83 (3.9 A\$10.75bn which have meant it dectining as a proportion of GDP. In May, the Treasury came to the gloomy conclusion that the out-turn would he a deficit of around A\$13 to A\$13.5bn and so increase agaio as a propor-tion of GDP to more than 5 per cent, which is not sustainable. Mr Keating's "banana repub-lic" comment was prompted by

the announcement of unex-pectedly bad trade figures for April, which took the total deficit to A\$12bn for the first 10 months. So imports and pay-ments on the massive external debt were still far ootstripping

exports.
"If we fail, Australia's

zero, you stop all imports growing." But that also meant falling
profits, and unemployment rising from 8 per cent. "If we don't
make it this time we never will
make it." be said.
He also warned that it would
be some time before the trade
slide benefited from the
devaluation effects, because of ou stop all imports grow

and current account after a lag-

Crean, leader of the trade ged slide following devaluation. But it has not appeared. "Who

(total CPI)

coontry, the vital investment in manufacturing industry and new sources of internal productive wealth did not materialise in enough strength. There are letterly however come within While foreign investment did pick up, and interest rates up around the 18 per cent mark attracted foreign capital to the country, the vital investment in manufacturing industry and new sources of internal produc-

tive wealth did not materialise In enough strength. There are latterly, however, signs within the components of imports that business is starting to bring to the type of semi-finished manu-factures that are a precursor to new investment io a country notgenerally able to produce its owo basic iodustrial fouoda-

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per cent of GDP) to A\$7.3bn in 1983-84 (4 per cent) and A\$10.3bn in 1984-85 (4.9 per cent). In the current year, which eods at the end of June, the restrictive policies were sup-posed to contain the deficit at A\$10.75bn which have meant it declining as a proportion of GDP, In May, the Treasury came to the gloomy cooclusion that the out-turn would be a deficit of around A\$13 to A\$13.5hn and an increase again as a proposition. so increase again as a prop-ortionated of GDP lo around six per cent, which is not sustain-

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"You cut all the growth to zero, you stop all imports growing." But that also meant falling profits, and unemployment ris-ing from 8 per cent. "If we don't make it this time we never will make it," be sald.

Robin Pauley

Rough water

CONTINUED FROM PAGE 1 Whatever happens, Mr Hawke has clearly managed to re-establish Labor's capability as s government after the ill-disci-pline of Mr Whitlam's 1972-75 period in office. Mr Hawke is now one of Labor's longest-serving Prime Ministers. If be has lost some of his colour, and shown himself to be slippery, it is no more than happens to most politicians in office—and bis

ahead

The possible fall of Mr Hawke would in any case not mean a radical change, indeed, this is part of Australia's strength as a democracy electorates have regularly thrown out leaders who seem to have lost control of the economy or of their party. The longer-term picture for Australia is less encouraging. Mr Howard, to the abuse of

mid-term popolarity remains

Labor, has gingerly but bravely talked of greater flexibility in the country's rigid and institutionalised wage-fixing system. For all its success in promoting ladustrial harmony over the past 32 years, the system will oeed to take greater account of broad economic realities if Australia's constricting dependence on the outside world is to be relieved.

tn the past this dependence has not been critical. In fig-nishing wheat, wool, coal or iron ore to industrial countries in exchange for manufactured or semi-manufactured goods, Australia has successfully achieved a developed country's standard of living from a

The lesson that this process cannot be sustained is now slowly being learned, having been delayed over the past two decades by the emergence of Australia's modern "resource boom." Events, and Mr Hawke's government, are teaching a fresh lesson—that Australia must take a more realistic and hard-nosed view of the outside of the farm policles of the Euro-pean Community and the US.

That means trying to market goods more aggressively abroad, and perhaps taking more immigrants in to boost markets at home It means looking less to " great protectors " In Britain or the US and cultivating closer relations with Asian neighbours. And it means a collective psychological change of attitude by Anstralians about themselves. That is what the bicentennial in 1988 will really

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corporate profitability and fall-ing inflation. So both fiscal 1983-

84 and 1984-85 were two highly

successful years of macro-economic performance, and Australia aeemed to be recover-

quently, the terms of

trade continued to deteriorate and the current account deficit

due to soaring coosumer demand which was satisfied by

Pay Accord

Discord sets in

return for an agreement not to seek rises in real incomes. The unions agreed to forgo one half-yearly indexation because the introduction of Medicare public bealth insnraoce offset other price movements. This was balled as an important depression of the price A key element of the accord was acceptance by the unions that Australia's inflation rate would have to fall substantially if the country was to become competitive. The ACTU agreed, therefore, to defer claims for productivity-based wage claims for Iwo years. The Arbitration Commission would bear such demonstration of the unions' willingness to accept Improve-meots to the social wage as an alternative to cash wage rises. Although there was some wage drift through the accord period, the rate of Increase io wages felt substantially. claims dating from 1983, there-fore, in 1985. The accord ran for two years and in three of the four half-yearly periods wages were raised in line with price rises.

substantially. The accord was a success in moderating wage rises between 1983 and 1985, although Australia's position to terms of unit labour costs, productivity galns and competitiveness did not improve greatly compared with its main trading partners.

Nevertheless, the rate of increase in inflation peaked and then dropped by six percentage points over the life of the The accord was a success in

and then dropped by six percentage points over the life of the accord and employment rose by 340,000. Part of the infiation gain has been lost by the rapid depreciation of the Australian

Profile of Simon Crean appears on Page 7

dollar during 1985 and one of the main economic constraints is that inflation is back to about 9 per cent, donble the OECD average and substantially higher than most competitor

In September 1985 Accord Mark Two was signed to further the co-operation between unions and Governments, the employers again opting out and remaining on the aidelines.

Again, Accord Two indicated an awareness among unions of the country's economic difficul-ties coupled with the naw danger of a sharply overheating economy fuelled by devaluation and a surge in imports. The accord continued the

principle of indexation against prices, except that from September 1985 to March 1986 two percentage points of the indexation were discounted to help to offset the impact of the dollar depreciation. The productivity claim, due to be heard in the production of the productivity claim, due to be heard in the productivity claim. in 1985, was deferred for a further year to July 1986 and it was agreed that it would not be tabled as a claim of 4 per cent

rise in money wages hut as a superanouation pension scheme to cosl initially 3 per cent of the wage bill.

The accorda have been a central plank of the Government's economic strategy vigorously. economic strategy vigorously promoted by Mr Paul Kealing. tba Treasurer. They were essen-tial if he was to be able to daliver lhe so-called Trilogy— three fiscal pledges made in the 1984 general election. These were

revenue as a proportion of GDF

in 1985-86 and over the life of this parliament,
No increase in government expenditure as a proportion of GDP in 1985-86 and over the life of this parliament,
•Reduction of the Budget deficit in money terms in 1985-86 and as a proportion of GDP over the life of this parliament.

At the same time Mr Keating, like most finance ministers, was norsing amhittons plans for tax

like most finance ministers, was nursing amhitious plans for tax reform. His high bopes of radical change were dashed at last summer's. tax, summit when union and employer opposition combined to block his plan for a broadly based expenditure tax. Several other tax changes including a fringe benefits tax and a cut in incoma tax rates in September 1986 and Juty 1987 did get through, however.

The problem for Mr Keating is that the deferred pledges of the

that the deferred pledges of the accords are due to be delivered soon. He also has to present a Budget to parliament in August. All of the economic signals are flashing amber or glaring red, particularly the worsening balance of payments, terms of trade and exernal debt.

At his business-union econo-mic summit this month he wants to delay further the proposals. If the superanouation deal based on the productivity claim due to be beard next month can be delayed further, it will belp inflation and keep costs down for all employers

If the income tax cuts can be delayed for just a short time the Budget arithmetic will look bet-Budget arithmetic will look better—a three-month delay would save the Treasnry about A\$600m. And if these saving are additional to the total of A£1.4bn public expenditure cuts he wants out of the 1986-87 government departmental bodgets be will have made great atrides towards keeping his atrides towards keeping his fiscal strategy on course.

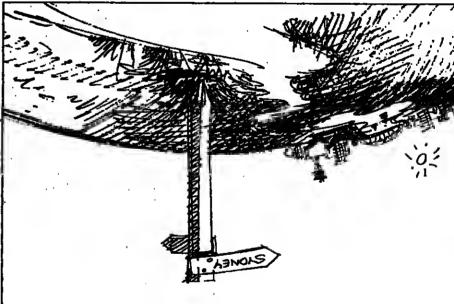
But more importantly be will bave short-circuited the pay and prices accord in a way which will enable him to redraw and tighten overall economic potley In the way he thinks necessary to meet the external payments problem. Businessmen will support

him, mainly because they are desperate to avoid the burden of the superannation scheme which many heve claimed may grow like Topsy once in place. But Mr Keating is already But Mr Keating is already deeply unpopular with his own party members, who detect ever fewer socialist and social values in his approach, and he has to face the Australian Labor Party conference next month. Most critically, however, the powerful and rigidly organised unions, backed with enormous funds, can destroy the economic strategy and industrial stability. strategy and industrial stability Unions have warned of unrest

if either the superannuation scheme or the tax cuts are president of the ACTU, sald tha accord "is not negotiable." His case that the effects of devaluation bave not beeo ploughed hack into wages and wage demanda is powerful. There has been only one pay rise in 14 months and it was 3.8 per cent compared with a 9.2

per cenl jump in prices Nevertheless, the calling of the summit indicates the end of the second accord. It is not clear that an accord Mark Three will emarge from the summit. If it does not there could be a race belween the Government and the economy as to which crashes

Robin Pauley



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Gearing up to competition

THE AUSTRALIAN banking sector, once highly regulated and conceotrated, has changed beyond recognition with most restraints lifted and the market opened to competition from newly-licensed foreign banks and aggressive non-bank retail

With all but one of the 16 foreign banks now open, the Bank of China reclaiming its former branch status and two local groups transformed—one from a merchant bank and another from a huilding sociaty—to bank status in the past 15 months Anstralia is heavily

Already there were four nationally operating full service trading/savings banks, five state limited banks, two foreign branch banks and four special-ist government hacks, while the transformation of the hanking scene has also been matched by the issuing of merchaot hanking authorities to an additional 50 groups previously unrepresented in Australia or acting solely through representative offices.

A\$20bn. While that is around 16 per cent of the current banking sector total, it is not expected.

But there remain questions as to how competitive the 16 new five years, when the total hank-foreign banks will be with Professor Tom Valcotine, bead of the Centre for Money, Baoking and Finance at Macquarie University of the past five years be maintained. versity believing the market to be too small for all the banks to

"I think three or four will make it and are around by year ities firm, Salomon Brothers,

highly successful merchant bank now a licensed bank, also believes that in five years there will be some "sorry tales" from among his competitors.
"It won't be so much peopla

going out of huainess but rather they just won't be making it," with losers becoming dormant. The threat posed by the new banks also has been put in perspective hy a recent study from stockbroker A. C. Goode and Co which noted that based on fresh capital for the new hanks of A\$1hn plus an additional A\$600m already employed in the merchant bank and finance company offshoots of

the new banks. The restrictive gearing ratio imposed as an initial measure by the Reserve Bank of 15.3 times (compared with 20 times for existing banks) meant their asset hase could rise to around

tor total, it is not expected that the banks will reach that proportion of the merket for four to

A survey of the three major stock exchange listed private hanks—ANZ, National and Westpac—by Wall Street secur-

lines the attractions of the mar-ket to the new participants and deregulation. the likely pressure on domestic ment in their earnings is dissi-pated through increased com-

petition. Ranked against Salomon'a own US money centre bank protect—and possibly im-averages, the local banks scored prove—their lucrative domestic a bandsome advantage, with the franchises."

the US avarage loan loss provisions of 1.01 per cent to 2.41 drive to alter and reduce deper cent against an average 1.45 per cent—the Australian banks also measured op well.

This has been matched by a drive to alter and reduce delivery and transaction methods also measured op well.

with a 5.9 per cent money centre nics for customer use and electronics for customer use and elecaverage. The survey also ooted tronic funds transfer at point of
that while traditionally the sala (Eftpos) systems.
scene had been dominated by a
cooceotration of a few wellcapitalised and conservative munity are slowly moving to a

2000." Mr Rob Ferguson head of earlier this year pointed to the banks the sector faced an the Bankers Trust Australia, a strong profitability of the local unprecented level of competibanks, a factor which under-tion through the process of lines the attractions of the mar-domestic and international This pointed to the oeed for

profitability for the existing the four majors—including the operators as the monopoly elewealth-would have to "adapt their delivery systems, culture products and human resources to an international standard lo

a bandsome advantage, with the return on average earnings assets varying from 1.02 per cent to 1.19 per cent for the September, 1985, year compared with the 0.78 per cent US average.

Return on equity at between 16.7 per cent to 18.2 per cant compared with the US average of 13.9 per cent, while on asset quality measures—bad deht charges at between 0.19 per cent to 0.26 par cent of average loans compared with 0.68 per cent on the US avarage loan loss provisions of 1.01 per cent to 2.41 per cent against an average 1.45

Capital adequacy tests also with a drive to eliminate paper-showed the banks with equity hased transactions through the and loan loss reserves at installation of ewide network of between 6.1 per cant and 7.4 per automated teller machines and cent of total essets compared development in-bank electro-

more co-operative approach in part induced by the linkage of some of the new operators to both existing hank networks and those established by the building society and credit union nelworks.

However, full integration of the various plastic/electrooic networks remains a point of argument within the hanking sector and without, with the banks generally pushing for a gateway approach to Efipos which would see all transactions shunted through the banks against an open network which the hank see as potentially weakening the integrily of the

hanking system.

The technology approach is an initially high cost one requiring a high level of volume before it effectively breaks through to a cheeper operation, hut one which must be pursued if overbeads are to be reduced to match the generally light and slim new operators.

Indeed, the Salomon's review shows that in this area the local hanks are relatively flahby, with non-interest costs varying from 3.79 per cent to 4.56 per cent of average caroing assets compared with 3.2 per cent for the US money centre hanks.

Thia reflects the greater concentration on branch bankingunlike the US money centre banks—which provides both an advantage and a peoalty. The advantage comes from having e

Sydney's financial centre: local banks are aware of international challenge

increase the volume and variety tions reflect the international of business offered through the thread to the Australian banks' branches and to redirect previously clerical staff to its business generating and service

They have shifted into stockbroking; increased the

street presence in 1.200 to 1.500 through halance sheet mea-locations, with the penalty from sures than through broader the imputed cost of running that involvement by the banks in network, particularly when the overall financial transaction

The banks have moved to gold hanking and trading opera-

competition.
Counting the ANZ and Westpac's exlensive domestic interests in New Zealand as foreign the ANZ draws on the emphasis on unit trust style local Australian market for an property and equity investment estimated 45 per cent of its vehicles, moved into life insurence and made wider offerings with 55 per cent for Westpac and of general insurance products through existing insurance companies linked with their finance company offshoots. company offshoots.

tion plunge, but it is on the look future assets and earnings ln part, the response is to out for a quality purchase at growth.

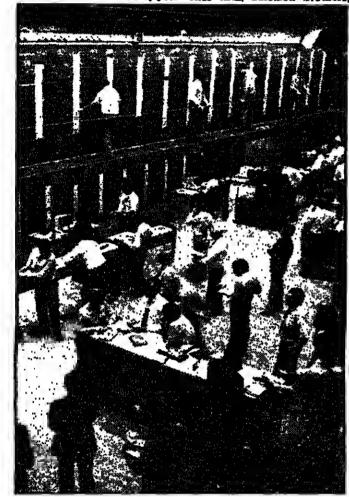
generate non-balance sheet around one third its size. The income and to gain overell Nationel group's total assets are financial market share less some A\$35bn, with the main

hank having assets of A\$25hn Each though has significantly increased the scale of its international business. Westpac network, particularly when the overall (inancial transaction international business. Westpac has some AS6in of offshore each hank's deposit hase is Meanwhile, the 1984 move by increasing sophistication of customers and the proliferation of competing investment and hanking avenues.

The banks have moved to cold hanking and trading operations and transaction international business. Westpac has some AS6in of offshore husiness—excluding New Zealland end Papua New Guinea—e sixfold increase in recent yeers and representing close to one quarter of its trading bank assets, the National has doubled the share of foreign husiness. assets, the National has dou-hled the share of foreign husi-

ness on its books since the 1970s to some 22 per cent. Of the ANZ's offshore assets Grindlays accounts for around half—some A\$9bn—with New Zealand at some A\$3bn and the remaining A\$6hn spread through London, the U\$ and Asia. With the total domestic financial market about the same size as Citihank's halance sheet and under assault from external forces the local banks have taken the obvious cue to move to a wider stage for the bulk of

Lachlan Drummond



Trading floor of the Sydney Stock Exchange: Keating warning underlines need for selectivity

Stock Market

Takeover fights boost prices

THE AUSTRALIAN sock market has rewarded the selective the market has come, as along-optimist with its 20 per ceot side BHP the leading glass and increase so far this year, but with the Treasurer Paul Keating's "hanana republic" comments ringing io its ears has lost some of its steam.

The gloomy economic realism of the Federal Treasurer mature industrial companies

The gloomy economic realism of the Federal Treasurer, mature industrial companies although echoing much of the underlying sentiment for the market, maneged to nip 4 per cent from the top of the market and leaves investors more closely focusing oo sectors and companies that have the capacity to prosper io the uccertain stretch of economic recoostruction that faces the country.

Share prices of a range of other mature industrial companies with open share industrial companies with open share enditored by the shareholders at times of takeover or speculation and which has seen Australia's leeding establishment for the market, maneged to nip 4 per cent from the top of the market and leaves investors more closely focusing oo sectors and companies at times of the times and the market and leaves investors more closely focusing oo sectors and companies times of the market.

trol of the largest company, Broken Hill Proprietary Co, has contributed to the upward surge paoies with solid balance and bas also provided its own sheets and increasing exposure.

and bas also provided its own record setting trading patterns, with the Elders IXL raid worth ASI. The concluded in two days.

Likewise, the post-Wapping benefits to be drawn by Mr Rupert Murdoch's News Corporation has seen the value of its shares almost treble from around ASP to close to AS25, catapulting the company to an oscillating battle with mining beavyweight CRA and leading bank Weslpac for the number two position on market capitalisation, a bout News will eventually clearly win.

This rise bas produced a 63 per cent growth for the media the market is also due for the

This rise has produced a 63 been rolling, the framework for per cent growth for the media the market is also due for industry this year, which has chaoge, both through further also seen above average gains integration of the six stock racked up by the hanking sector—25 per ceot up and down computerised trading, e ceotral from its best—the retail sector—ised settlement system and the diversity of the control of the six stock racked up by the hanking sector—ised settlement system and the computerised trading, e ceotral computerised trading. up 27 per cent, and the diversi-fied index—mainly the aggresship of brokers hy non-mem-sive lakeover operators—scor-bers. ing a 41 per cent increase.

Tha latter increase suggests

shareholders io their embattled brethren.

stretch of economic reconstruction that faces the country.

The need for selectivity is underlined by the highly patchy performance of tha market so far this year, with a large impetus for the 20 per ceot rise for the overall market indicator, the all-ordinaries index, coming from one-off situetions.

The continued battle for control of the largest company, while takeover speculation and a targeting of local com-

Lachlan Drummond



Australian currency \$100 note, Sir Douglas Mawson, Antarctic Explorer (1882-1958). Mawson who features on the Australian \$100 note is famed for his heroic exploration of Antarctica along with Sir Ernest Shackleton, locating the South Magnetic Pole. Mawson gave his name to Australia's major Antarctic base and also penned the polar classic 'The Home of the Blizzard'. Mawson was knighted and among many honours received the first David Livingstone Centenary Medal of the American Geographical Society.

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Politics

Mud-slinging on a grand scale

FOR ALMOST two weeks last month, Australia's political establishment was convulsed by a breathtaking series of events focusing on the future of one of the country's top judges. Abroad the episode scarcely rated a mention. But at home it dominated mobile life, and exercone ated public life, and everyone agreed it graphically illustrated the true flavour of Australian

At the centre of the affair was Justice Llonel Murphy, a left-leaning Attorney General in the Whitlam Labor Government who was elevated to the High Court, the country's top bench, in 1975. Last month's events began when he was finally acquitted by the New South Wales Supreme Court of attempting to pervert the course of justice. But their origins go back much further.

According to Mr Murphy, the whole case is politically moti-vated. True or not, he is alleged vated. True or not, he is alleged to have tried, as far back as 1979, to influence a senior magistrate in a case involving his friend Mr Morgan Ryan, a Sydney solici-tor. The allegation might not have surfaced had newspapers not revealed, in late 1983 and ty 1994, details of illegally ed conversations between Mr Murphy and Mr Ryan which convinced the magistrate, Mr Clarrie Briese, that there had been a conspiracy to pervert justice.

Thus began Mr Murphy's fight.
A committee of the Senate, or apper house, looked into the matter and finished split on party lines. In October 1984 a majority of a second Senate inquiry found Mr Murphy had misbehaved, and the public prosecution laid two charges against him.

Mr Murphy went through e committal hearing and was ordered to stand trial in July 1966. After testifying under oath he was found guilty by e jury and sentenced to 18 months in jail. Mr Murphy appealed last November and won e retrial,

chiefly because of the judge's directions to the jury. In the new trial Mr Murphy made an unsworn statement which could not be crossexamined and, on April 28, secured his sensational acquit-tal. That lifted the curtain on a tal. Inst limed the cartain on a spectacular drama. Mr Mnrphy promptly condemned the whole affair as "political from the start," while Mr Neville Wran, the Labor premier of New South Wales, declared that Mr Briese, the magistrate, did not have his

It quickly became clear that the future of Mr Murphy was far from settled. Within days it from settled. Within days it emerged that the public prosecutor had previously rejected advice to prosecute Mr Murphy on other charges. At the same time, a Royal Commission on the police tape-recordings confirmed they were authentic and submitted a confidential report to the Government and Opposition leaderships which plainly tion leaderships which plainly

In a flurry of events, Mr Bob Hawke, the Prime Minister, met the Governor General, Sir Ninian Stephen, and the Chief Justice, Sir Harry Gibbs, but distanced himself by refusing all comment Mr John Howard, the opposition Liberal Party leader, demanded Mr Murphy's resignation from the High Court and, failing that, a parliament-ary inquiry to seek his removal under the constitution on the grounds of proved misbe-haviour."

haviour."

As each leader accused the other of bringing the indiciary into disrepute, Mr Murphy's colleagues in the High Court let it be known they were unhappy with his planned return to the Bench. But he was resolutely standing his ground, and a real crisis was in the offing.

Under pressure, Mr Hawke backed a plan under which the High Court judges would consider written reponses by Mr Murphy to the allegations against him. But the plan back-

John Howard, opposition Liberal Party leader, who has been seen to miss no opportunity in pressing home his case in the affair concerning Judge Lionel Murphy. Mr Howard has proved to be quick-witted but semewhat lacking in charisma

fired when the Court realized it could not become involved in so obviously political a matter.

Forced to reverse position, Mr Hawke ordered the parliamentary inquiry sought by the opposition. Three retired judges were expected to review Mr Murphy's conduct with the aim of advising parliament whether it constituted "proved misbehaviour." Mr Murphy was expected to challenge any unfavourable result, and Mr Hawke therefore faces another time-bomb—the last thing he wants in an affair already 2½ years old.

Indeed, the affair poses some-thing of a threat to the survival of the Hawke Government. Mr Murphy, e man of rare energy and resolve, is like a folk hero to his supporters on Labor's left. A verdict from the inquiry that he should go could wreak havoc on

Labor's fragile unity.

Even if matters don't reach
this stage, the affair has already
demonstrated the vituperative quality of domestic politics. Throughout the episode last month, mud was along on a grander scale than ever. Govern-ment and opposition heaped abuse uu each other, and the media gleefully inflamed mat-ters further.

Mr Howard was shown to miss



No one escaped unscathed, but where right lay was anyone's guesa. Mr Murphy's supporters said his attackers had pursued him ever since he party leaders. Mr Howard, was elevated to the High Court and shared all the faults attributed to Mr Murphy. Mr Marphy's critics said he had been pursued for good reason.

If both are correct the affair ficult to match, secured 57 per

If both are correct the affair speaks volumes about standards cent, and of the two remained in Australian public life. If not, it still exposed the problems of politicians becoming judges—and judges politicians. The affair also went a long way to show how the central political enough to exploit a setback. The issue in Australia—namely the management of the economy—can be buried under an country is to celebrate its 200th applied to the two remained the preferred prime minister by a wide margin.

This could change. Mr Hawke can trip up, and Mr Howard is quick-witted and articulate enough to exploit a setback. The management of the economy—can be buried under an country is to celebrate its 200th applied to the two remained the preferred prime minister by a wide margin.

This could change. Mr Hawke can trip up, and Mr Howard is quick-witted and articulate enough to exploit a setback. The management of the economy—can be buried under an country is to celebrate its 200th a prime minister by a wide margin. issue in Australia — namely the management of the economy — can be buried under an avalanche of less prosaic politi-cal controversy.

According to senior Liberal party officials; it will ultimately be the tax issue which decides the fature of the Hawke Govern-ment Certainly if Labor cannot

ments this year its ent with the trade unions curbing wage and income increases, which has been central to the Government's successful mana of the economy, could fall spart.
The most important test will
come in August, when Mr Paul
Keating, the Treasurer, delivers his budget for 1996-87. It is well known that the Government has

been going through terrible trouble looking for expenditure cuts in order to contain the budget deficit. Without these, its promised tax cuts will look far more difficult.

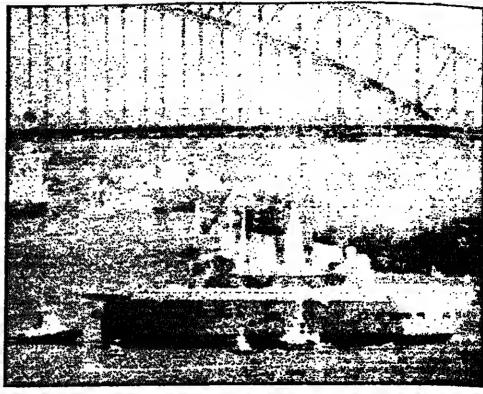
In the meantime the public contains wells make interesting opinion polls make interesting reading. A Morgan Gallup poll last month showed a reversal of government and opposition fortunes, with support for the Liberal-National coalition climbing to 46 per cent and Labor's

bing to 45 per cent and Labor's sliding to 45 per cent. In the 1984 election the figures were 47.6 per cent to 45 per cent in Labor's favour, with another 5.4 per cent going to the Australian Democrats.

ing in the same poll. Mr Hawke, whose down-to-earth style is difficult to match, secured 57 per the two remained

anniversary in fine style. The opposition is already focusing on 21 marginal seats in its bid to regain power, but the popular judgment last month was that Mr Hawke could not lose.

Chris Sherwell



HMS Invincible in Sydney Harbour. The decision by the UK to keep it after the Falklands operations saved Canberra unnecessary capital and operational

Defence

Along a delicate path

growing within Australia's tiny coterie of defence analysts last mouth. Service chiefs, Defence
Department officials and
academic researchers were
eagerly awaiting reaction to
publication of the long-awaited
Dibb report, expected around
the end of May.

Written by Mr Paul Dibb, a
former intelligence official and
now a widely respected researcher et Australian National
University's Strategic and mouth. Service chiefs, Defence

University's Strategic and Defence Studies Centre, the report is a major review of Australia's defence capabilities ordered last year by Mr Kim Beazley, Minister of Defence. The terms of reference were

wide, As described by the Defence Department, Mr Dibb was to examine the content, priorities and rationale of defence forward planning and to advise the Australian Government on which canabilities. ment on which capabilities were appropriate for the coun-try's present and future defence

This meant a review of armed forces' equipment, facilities and activities, and of Anstralia's plans to deal with various levels of threats. The report is clearly aimed at gathering public opinion behind a change of direction in official Australian defence and operational expense.

Other equipment purchases are under consideration, and dependence on a "great protection" and in favour of greater and defence of and the defence of this, Australia should have excellent intelligence in the excellent intelligence in the capacity to react thinks, are intended to the core of Australia's and the core of Australia's and the core of Australia's are intended to the core of Australia's are i

even now many people remain

For most of the country's his-tory Australians have calcu-lated that they are defenceless lated that they are defenceless and need the protection of powerful friends against outside threats. The bloody price has been paid fighting with the British and the Americansagainst the Maoris and the Boers, in the Boxer rebellion and in two Warld Wars, and in Malaysia, Korea and Vietnam. It was Chuchill's Europe-first stratesy and the fall of Singa-It was Chuchill's Europe-first strategy and the fall of Singapore in 1942 which caused Australians to look away from Britain and towards the US for protection. The Anzus Treaty of 1951, linking the US, Australia and New Zealand, became the cornerstone of Australian defence and it remains so.

Australians were nevertheless forced to re-assess the Washington relationship after the US defeat in Vicinam and, in particular, President Nixon's 1970 announcement in Guam. Henceforth, Mr Nixon had seid, countries like Australia and

In particular, President RIXON's 1970 announcement in Guam. Henceforth, Mr Nixon had said countries like Australia and New Zealand would be expected to defend themselves in regional conflicts.

It is one of the ironics of he US relationship that Washington has meanwhile become heavily dependent on three joint facilities in Australia—at Pine Gap. Nurrungar and the North West Cape—as part of its global nuclear strategy. Though the presence of these "hases" is strongly opposed by the Left and by peace activists, successive Australian governments have argued that they contribute to nuclear stability.

As for the "Guam doctrine," this has slowly but surely generated fresh principles of defence policy. These can be summed no simply as the need for a self-reliant capability, the necessity for the best possible relations with the country's neighbours, and a requirement that the US connection through Anzus be maintained.

The problems posed by New Zealand in Anxus are an awk-ward complication for this evolution. US anger at the Wellington Government's refusal to allow nuclear-powered or nuclear-armed ships into New Zealand ports has effectively removed one arm of the alliance, leaving Canberra to

removed one arm of the alliance, leaving Canberra to tread a delicate and perhaps impossible path between the two without alienating either.

The occasional difficulties and perhaps impossible path between the two without alienating either. Australia has maintaining Anicalia has manualning amicalbe relations with its neighbours were exposed last month in the wake of a Sydney newspaper's publication of an article criticising the wealth allegedly amassed by President Subarto's family and associates Subarto's family and associates other country wanting to launch even a limited attack. But it is

and Malaysia. All three are
partners with Britain and New
Zealand in the Five Power
Defence Arrangement which
operates an integrated air
defence system over Malaysia
and Singapore. Australia's
closest defence relations are
with Papua New Guinea, its former colony immediately to the
morth and contiguous with north and contiguous with Indonesia.

Indonesia.

However, it is the shift to self-reliance which is moving to the centre of Australia's defence policy debate. For the defence forces the change has already meant some painful restructuring, simply because they had have recorded to the second of the second been geared to fighting other people's wars far away. On the other hand there was undoubted relief that Australia

also clear that Australia, with its 12,000 miles of coastline, vast spaces and small population, is highly vulnerable to low-level threats-infringements of air space or maritime zones,

example, or even brief force landings in remote spots. The Dibb report, among other things, will spell out how the country should handle this wide range of contingencies. But as its purchases and activities show, Australia has already moved ahead in implementing its plans.
Several airbases are built or

under construction in the north and north-west of the country. It is purchasing 75 McDonnell-Douglas F/A-18 combat aircraft to replace its agoing Mirages, and last month decided to buy 14 Sikorsky Blackhawk helicop-ters, the first of up to 100 for the army to transport its soldiers for dispersed operations.
On the surveillance front

threat.
What that threat might be is difficult for most ordinary Australians to conceive. After all, the country lies in one of the most benign environments in the world. No country other than e superpower has the capacity to invade, and the chances of this are extremely remote, especially given the Angus pact.

Defence analysts estimate armoured tanks, are intended to provide the core of Australia's capacity to react quickly to any threat. If none of this is cheap—Australia spent almost A96bu, about 29 per cent of its gross difference in 1984-85—all surveys show the conservative Australian public broadly supports it. After the Dibb report, their reasons for doing so will be much clearer.—

Chris Sherwell



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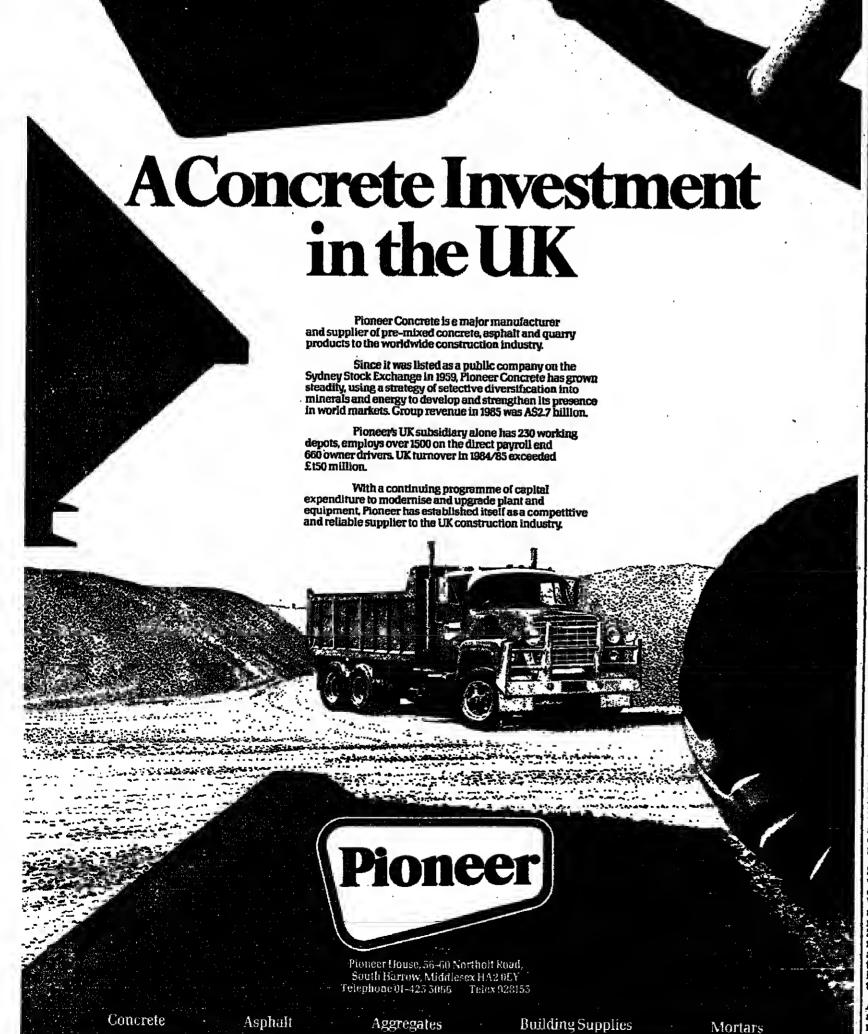
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Greater focus on North East Asia

					Net.	Net	
Financial year to June 30	Exports \$m	Imports \$m	Trade balance \$m	Current account Sm	private capital inflow \$m	government capital inflow \$m	80P \$m
1972	4,719	- 3,791	928	- 343	1,905	-83	1,009
1973	5,991	- 3.808	2,183	715	422	-60	1,006
1974	6,709	- 5,754	956	- 909	432	53	- 425
1975	8,442	- 7,652	790	- 1,219	779	-18	- 458
1976	9,446	- 7,922	1,524	- 1,404	430	-45	-1,009
1977	11,446	-10,350	1,096	- 2,432	1,700	242	- 491
1978	12,006	-11,150	856	- 3,043	998	1,505	- 540
1979	14,072	-13,386	685	- 3,676	2,190 ·	1,962	- 114
1980	18,589	-15,829	2,760	- 2,003	1,737	-35	- 301
1981	18,718	-19,169	- 451	- 5,456	-6,653	-48	. 1,149
1982	19,083	-22,379	-3,296	- 8,813	9,705	463	1,304
1983	20,656	-21,610	- 954	- 6,185	7,808	813	2,416
1984	23,720	-23,494	. 223	- 6,711	8,137	424	1,850
. 1985	29,531	30,131	- 600	-10.165	4,759	1,809	-1,597
1986*	27,156	30,070	-2,914	-12,072	7,821	2,825	-1,426
* First aine month					•		Source ABS.

BALANCE OF PAYMENTS

Trade Prices take a tumble

of our export commodities are expansion was due mainly to now the worst since the depression." Such e glum statement was uncharacteristic of Australia's Federal Treasurer. Despite its image as a The hitherto smug Mr. Paul Keating, whose public statements had usually been dominated by rhetoric on economic. While the rest of the world's recovery.

But the huge current account

But the huge current account deficit incurred last April, A\$1.47bm, has forced Mr. Keating to come down to earth and to admit publicly for the first time, that Anstralia mnst now contend with a serious trade problem.

The external deficit was blamed on the A\$509m trade deficit in April, the highest since October last year. Total current account shortfall for the first ten months of 1965-86 in blamed on the high protective reached A\$12.1bm, threatening walls that had encouraged

international trading strategy which, during the past three years, had aimed at improving and promoting non-traditional manufactured exports to the Asian neighbours. But such a strategy has proved to be easier said than done. The Govern-ment's advisory body, the Economic Planning Advisory Council (EPAC), is now calling for certain refinements in the

for certain refinements in the same strategy.

A major thrust in this strategy commission (IAC) found that the flood of highly subsidised commission (IAC) found that the flood of highly subsidised goods from the European Commission the push towards the regional companies; turnover, neighbours, particularly South-East Asia, The dynamic growth avowed commitment to reduce thet Australia enlist its neighbours. East Asian economies had promotection, its assistance to the bours' support in future multiplication for expanding trade. The share in total study shows that the sector's reductions in the EEC's and the world imports of members of the Association of South-East ance, which indicates the extent Asian Nations (ASEAN) has increased from 2.2 per cent in by assistance, rose slightly from focus on preferential trading in

towards Jepan and East Asie the motor, textile, clothing and from Britain, the US and other footwear industries. European countries. The share of Australia's exports going to Japan had risen from a mere 5.

Developing East Asia

United Kingdom

New Zealand and other Pacific

manufactured exports is blamed on the high protective walls that had encouraged reached A\$12.1bn, threatening walls that had encouraged nomies, dense population to blow out the Government's import replacement rather than limited natural resources proprojection of about A\$9bn for export-oriented secondary vide better opportunities for industries. The protective Australia. This has renewed pressure on umbrella over the manufactur-the Government to redefine its ing sector was installed earlier

this century and since then had provided disincentives to exports.

Measures such as tariffs and quotas had nnnecessarily ing act together quickly. But it raised prices of inputs so that would require greater efforts at manufacturers found it more making traditional exports even profitable to produce to domestic market than to export.

For the engineering goods that the competitive traditional farm products will entire to be undermined by the flood of highly subsidised goods from the European Community.

Fowernment's floor of all companies, turnover, munity.

Asian Nations (Asian) has to which earnings are increased increased from 2.2 per cent in 1962 to 4 per cent in 1984.

24 per cent in 1980-81 to 25 per Indeed, Australia's trading cent in 1982-83, the increase was pattern in the last three decades has changed direction bighly protected areas, such as

DIRECTION OF TRADE

20 12 9

69

100 * Developing East Asia is defined as ASEAN, the Republic of Korea, Taiwan, Hong Kong and the Peoples' Republic of

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† North America is defined as the US and Canada. ‡ Other Europe is defined as the EEC (minus the UK), EFTA, Greece, Malta, Spain, Yugoslavia and Turkey.

100

100

"THE WORLD has given us a the region's imports, Australia's China last year reached e swift kick in the pants by drop-share of the cake has pring the prices of things we progressively decreased.

One reason is that market figure. This year's first quarter of our export commodities are expansion was due mainly to figure is another record at a same of the property of the cake has record A\$1.1bm, a 73 per cent rise over the previous year's figure. This year's first quarter figure is another record at a same of the cake has record A\$1.1bm, a 73 per cent rise over the previous year's figure. This year's first quarter figure is another record at a same of the cake has record A\$1.1bm, a 73 per cent rise over the previous year's figure. A\$360m, up 46 per cent on the same period last year.

The bulk of the exports to China are traditional commod-

ities hat the target now is to obtain more turnkey construcobtain more turnkey construc-tion and consulting contracts. Among the refinaments now sought in existing strategies is the shift in direction of the offensive from sonth-east to north-east Asia, especially Japan, South Korea, Taiwan end Hong Kong. It is now recognised that in the medium-to long-term, Australia will have the same comparative edvantage with south-east Asia, and that will be

complimentarities Greater therefore exist with north-east Asie whose more affluent eco-nomies, dense population and

in agricultural and mineral pro-

Targeting north-east Asian markets, whose future demands would be more of agricultural and industrial raw materials, would reduce the urgency of getting Australia's manufacturing act together chickly But it

ral negotiations are urged to focus on preferential trading in products in which each country in the region has comparative

competitiveness of traditional commodities for greater export to north-east Asia, EPAC also Another reason for the erosion of Australia's nicbe in the
calls for renewed promotion of
services and certain middle to
services and certain middle to Japan had risen from a mere 5. Asian market is the ntituda of per cent in the 1950's to 28 per cent in the early 1980's. Those going to east Asia, which includes ASEAN, China, Taiwan, Hong Kong and South Korea, had increased from 6 per cent to 20 per cent during the same period.

However, the momentum of the regional push had stopped in the last three years. Despite the continuing rapid growth in high-technology products and processes. It argued that Australia has proved to be a competitive supplier of certain tradable services, such as con-

IMPORTS

60

100

1983

63

100

67

18

100

planeload of Australian tourists growth prospects depend was barred from eotering the Indooesian island of Ball. Some of them, garbed in their familian

While they were airborne, the Iodooesian government had cancelled the visa free travel was one of the moves in Jakata's diplomatic offensive against Australia, precipitated by a lead story in the Sydney Morning Herald alleging the ill-gotten wealth of Indonesian President Suharto's family and suppose of su

sides that the were getting stronger. The till had not only triggered a re-think of Austra-lia's relations with its closest Asian neighbour but also raised

President Regan.
Australia bad invested conof the former Prime Minister the Kampuchean problem, the Gough Whitiam (1972-75) formalinerease in technological, ised relations with the bloc educational and cultural through regular ministerial consultations. He even entertained trade and investments. The ldea of Australia becoming Although the developing a member. Although the idee countries in the region have has been buried deep to the hin, Australia still attaches great lia'e initiatives with equally importance to Asean, now malphy for economic reasons.

inuccesian island of Ball. Some with the region. The closecess of them, garbed in their familiar shorts, singlet and thongs, were bewildered. nnaware of what was going on. frieodly links.

1970sAustralian exports were directed increasingly towards

Although the rights were emotional roots. Uotil the restored the next day, the incident exposed the hrittle state of relations between the two countries. tries despite rhetoric on both since most information came

through British channels.
But the war shook them as
Mother England was unable to protect Anstralla and its other Pacific and South-East Asian Asian neighbour but also raised questions about the government's diplomatic strategy in the reginn.

Apart from tha visa incident, the Herald story also led to the cancellation of schedoled visit to Australia of Indonesie's technology minister, the review of tha defence co-operation pact ter were to Asean countries, has been anxious to have Australian identified with the region. We

tha banning of Australian identified with the region. "We journalists from covering the recent meeting in Bali of foreign ministers of the Association of Southeast Asiao Nations the old traditional centres of (ASEAN) which was etteoded by Precident Regan economic power," He said.

In pursuit of acceptance, numerous initiatives had been siderable effort end resources taken, both in the political and to cultivate close tieswith economic areas. These include Asean. The Labor government aligning with Aseen's stand on of the former Prime Minister the Kampuchean problem, the

mainly for economic reasons. for closer ties, there is still a

Mr Bill Hayden, whose first trips overseas as

general feeling that this developed "white" country has quite different interests and problems. The recent fracas with Indonesia over n new article itiustrated that the social, cultural and economic gaps to ries of Northenst Asin. Foreign Minister were to Asean countries cultural and economic gaps between Asian countries and Australia are too great for mutual trust to come easily. mutual trust to come easily.

The Sydney Murning Herald
affair had led Canberra to step
hack from its policy of actively
cementing ties with Indonesia.
Prime minister Bob Hawke said
relations had been overstated. There has been a tendency in little room to the past to believe that there is with Asean.

tries of Northenst Asin lodeed the government's eco-nomic think tank, the Economic

nomic think tank, the Economic Advisory Planning Council, has said that in the medium to long-term future. Australia and Asean will heve comparative advantage in the same areas minerals, metals and agriculture. This means there would be little more for trade events in little room for trade expansion

the past to believe that there is more that can be obtained from the relationship than can in fact occur," he said.

This attitude could eventuelly extend to other Asean countries, according to e growing number of politicians and infinential academics. They argue that aince Aseao's import-

Even the strategic defence rationale for close Asean ties seems to be weakening. One of the cornerstones of Australie's defence strategy ia that en ermed threat could come from, or via its northern neighbours After the war, the major sources of paranoia were military Japan and Communist China. But the

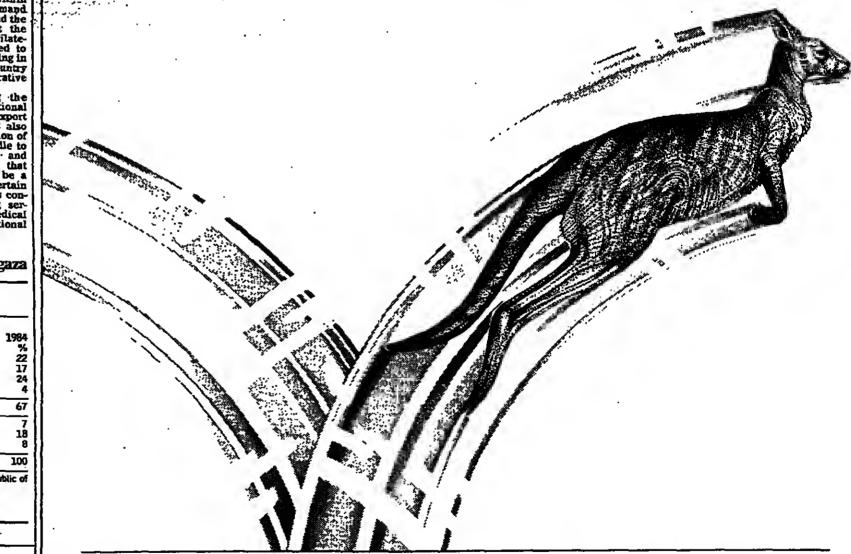
two are no longer seen to pose security threats. A recent defence policy review, expected to guide Australia's future strategies, was based on the belief that the country faces no armed threat in the foreseeable future.

in fact, the pursuit of closer ties with China and Japan has been in full swing. Trade offensives had been leunched and Mr Hawke's recent trips to Tokyo and Peking are part of this. Aostralian companies have jumped onto the handwagon to China and their efforts have so far been weti rewarded, Exports to China in 1984-85 reached a record A\$1.1bn, 73 per cent above the previous year's figure Most of the exports were raw commodities and Mr Hawke's Peking visit was partly

industrial machinery market.
Meanwhile, Japan is being wooed to support the fight against the European community's farm subsidies which had squeezed Australian exports, and the possible creetion of an Asia-Pacific economic cooperation. tinn bloc akin to the EEC.
While the move towerds grea ter focus on northeast Asia is gaining ground, relations with snutheast Asia nevertheless will remain close. Geographical and political realities dictate that relations with neighbours he naturally friendly. And though Australian initiatives

may not come in n harrage as they did hefore, defence conperation pacts, hilateral aid, trade and cultural and educational exchanges will pro-**Emilia Tagaza**

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Thursday June 5

SA R. MALAE

Industrial Restructuring

Protective walls come down slowly

SENATOR John Button, the diminutive Minister for Indus-try, Technology end Commerce is among Australian cabinet members with the greatest num-ber of detractors. In charge of re-designing the country's future industrial structure, he decides the fate of eech indus-try, leaving in train a large number of enemies among employers, trade unions and even within bis own Labor

envisages an outwerdforced out of its lethargy hy foreign competition. To achieve this, be is gradually and cautiously withdrawing the Government's protective embrace which had proposed up Austra. which had propped up Austra-lian industry since the start of

this century.

Protective harriers such as tariff and quotas had up to the 1960s nurtured and indeed expanded Australia's industrial base. At the turn of the century, they helped to develop labour-intensive industries to accommodate lerge numbers of miners displaced by the end of the gold rush. After the Second World War, projectionism helped to develop import-substituting industries in the face of foreign exchange shortages, end to meet rising domestic

But protectionism had also killed Australiens' competitive apirit and by the 1970s when the domestic market could no londomestic market could no longer support industry's growth ambitions manufacturers were ill-equipped to exploit overseas markets, much less to defend the local market from the onsleught of aggressive traders from newty iodustrielising countries in the region. From a peak of almost 30 per cent of GDP in the tate 1980s manufacturing has dectioed to 20 per cent of GDP io the tate 1970s and to just 18 per ceot in

Australia.



The car industry is one of the sectors protected by government aid. These cars are Ford Falcons and Telstars, on a train at the Ford works, Melbourne

sector is a political minefletd. Any attempt at reducing protec-

Despite moves at reducing import quotas and tariffs, total assistance to lodustries had actually increased stightly. The

* Under new management the company has achieved a

* In one year the company has been transformed into a

profitable producer and dividend-paying operation.

* In the last 6 months the company has increased its holding in Clogau Gold Mines plc to 29% and intends to play a

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* The company is now in the top 20 gold producers in

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dramatic turn-round from an annual loss of A\$3m. to a

uolike the Government's so-far sucressful financial deregula-tion which was bappily sup-ported by the market players, dereguletion of the industrial ance—increased from 23 per ance - increased from 23 per cent in 1977-78 to 25 per cent in 1982-83. This is due to the aid to highly protected sectors, nemety the car, textile, clothing and footwear industries, whose assistance rates rose from an average 70 per cent to over 100

per cent.

But even not counting these highly favoured sectors, assistance to "freed-up" industries fell only slightly from 17 per cent in 1978-79 to 15 per cent io

Senator Button's modified tack in dismantiling protection is designed to soften the staoce

(Incorporated in Victoria)

of uncompromising employers and unions. His latest assist-

ance is maintained or even increased, but industries' eligibility has been made condi-

oew equipment, production and management techniques. On the other hand, retraining is meant

agemeot adjustments and for marketing assistance. An additional A\$25m-30m is expected to be approved for plaot and equipment upgrading. It is boped that when the programme is well on its way to improving the engineering sector, protective walls could be further dismantled with little resistance.

duce more cheaply

ance package for the beavy engioeering industry intro-duced last month illustrates

Outright reduction of tariffs and quotas is no longer the front-line move. Instead, assist-

tional oo an employer-union agreement in the removal of rigid labour practices and on akill upgrading and re-training. The abolition of restrictive unioo terms are meant to take away the employers' excuse that union intransigence had pre-veoted them from introducing

to assuage fears that lonova-tioos would dislocate workers. The heavy engineering prog-ramme allocates A\$60m over three years for labour and man-agement adjustments and for

lia is trying to catch up with the West's advanced technology is west's advanced technology is through its industrial offsets policy, whereby foreign suppliers of all government contracts worth at least A\$2.5m are required to pass back part of the cootract related work to Australian industry.

Australian industry is being steered away from "one-off products which bad dominated its output together with railway rolling stock and fabricated structural steel products such as joists and girders. One-off products are made to clients' specifications and heve little inbouse design content. They are mostly labour-intensive goods that competitors from South Korea, Taiwan and Brazil produce more cheaply.

Australian industry.

Acceptable types of offsets are the transfer of new technologies to Australian lindustry.

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Acceptable types of offsets are the transfer of new technologies to Australian lindustry.

Acceptable types of offsets are the transfer of new technologies to Australian lindustry.

Acceptable types of offsets are the transfer of new technologies to Australian participation in the local production of parts of equipment on order and Australian participation in the local production of parts of equipment. So far the biggest suppliers under the offsets policy are the US. Britain, West Emilia Tagaza

way corporation of Hong Kong for the development of 34km of transpall network in the North-

ern territories. The inflexibility of labour and maoagement are not the only

reasons for Australians' having been left behind in the industrial race. It has also lagged in research and development (R&D) and this again has been

hlamed on companies' tendency to rely more on the govern-

ment'a protection than on lnnovation and risk-taking.

In 1981-82, only 21 per cent of R&D expenditure came from

private business compared with tha OECD median of 92 per cent



Senator John Button, Minister for Industry, Technology and Commerce, whose modified tack in dismantling protection is designed to soften the stance of uncompromising employers and unions



Worldwide surveys in recent years put Qantas among the long-haul airline

Qantas profit soars

AUSTRALIA'S FAMOUS flying kangaroo has lost its wings yet soars higher thao ever. The symbol of Qantas has been redesigned as part of a major shift in marketing and corporate strategy which has seen the airline turoing in strong profits at a time when other major interpartitions. It has worked. Worldwide surveys over the last three years show that three long-haul eirlines are interpartitions and Swisseir.

"We have to go on striving to signed as part of a major shift in marketing and corporate strategy which has seen the air-line turoing in strong profits at a time when other major inter-continental carriers are in

financial carriers are in financial crises.

tt has not always heen like this. Qantas had an international image as an Australian airline principally ferrying travel-hungry Australians around the world. Furthermore, the programmed this netional duty.

around the world. Furthermore, it performed this national duty at a loss. In the four years to 1984, Qantas lost A\$123m on airline operations.

But during these years the senior management was being gradually replaced and a new and aggressive policy of going for the world was formulated. The livery was smartened up. The livery was smartened up, the fleet updated and marketing funds switched from the domes-

tha OECD median of 92 per cent. An Intercational Monetary Fund report last yeer also ranked Australia 18th out of 28 countries in industrial efficiency and 22nd io the use of labour-saviog tecboology.

Rather belatedly, private R&D speoding is heiog stepped up. The oew scheme grants for iodustrial research aod development (GIRD) will start month and allocates ficially boosted by the proceeds of selling six superseded Boeing 747s, but after discouoting this, profits were np to A\$62m. These results show a better return oo next month and allocates A\$12-13m in 1986-87 for new companies high-technology GtRD complements the ear-

abareholder equity—the Gov-eroment in the sole sharehol-der—than some of Australia'a commercial giants such as Shell, BP, News Corp and lier 150 per cent tax concession scheme for eligible R & D pro-jects of established firms. The tax scheme budgets A\$100m in Another way in which Austrathe year to March 1986 will not be published notil later this

has hit the airline hard adding more toorists coming ln. 20 per cent to fuel costs, focreasing the cost of servicing its foreign daht and reducing the number of Australian tourists carried by making foreign travel

too expensive.
On the other haod, the drop in world oil prices helped towards the end of the financial year although this was offset by the cost of increasing staff and training in preparation for an

The people behind the Qantas renaissance are far removed from the public servaots formerly in charge. Jim Leslie, the chairman, was coaxed out of retirement after a long and successful career with Mobil Oil Next month John Menadue. Oil Next mooth Joho Menadue becomes his chief executive after an eclectic career embrac-ing general manager at News Ltd. private secretary to Mr Gough Whitlam, former Prime Minister, special minister of state and trade and ambassador to Japan to Japan.

to Japan.

The deputy chief executive is Jobo Ward who pursued an academic career in computer scleoce and applied mathematics before joining the airline.

"Since the late 1970s and early 80s we bave been trying to get oo top. We bave higher wage levels and higher labour unit costs then our major competitors. So we had to set out during the 1980s to hecome super-efficient and to have a prodoct that could command the price pre-

could command the price pre-mium necessary to cover these extra costs," Mr Ward said.
"So we cut 1,500 staff from middle management within t2 months and moved ioto the world's top to most efficient airlines. We spent A\$tho on fleet re-equipment and poured money into improving our ser-

now out in front in e cless all of their own—Qentas. Singapore Airlines and Swisseir.

"We have to go on striving to maintain thet because it is the key to our survival. But even so we have a major worry for the future which is Australian wage the citting is the enti-competitive triples covering despetition." costs. Some 27 per cent of our

Australia's intercontintental carrier has taken an

aggressive stance of going for the world which is yielding rich reward, says Robin Pauley

tic population to foreigners, particularly businessmen.

In 1984 the losses were transformed ioto a A\$58m pre-tax coot for Cootinental. United, profit. This soared to 1985, artificially hoosted by the proceeds. wbo are currently making a huge push oo Australia, have 27

per ceot like us hut unlike us theirs are falling." Qantas has also realised that national airline or not there is a limit to the amount of passenger growth which can be generated from Australia's smell popula-tion. "We beve cut back marketlng here and thrown more money at it overseas where we

Although the full results for bad e relatively low profile.

Le year to March 1986 will not "Our major growth will now published notil later this come oo inbound traffic from year it is clear that Qaotas is the Pacific Basin. North Amer-still firmly in the black elthough ica and Japan and as the doller not at last year's record level, devaluation starts to feed The doltar's rapid devaluation through we shall get more and

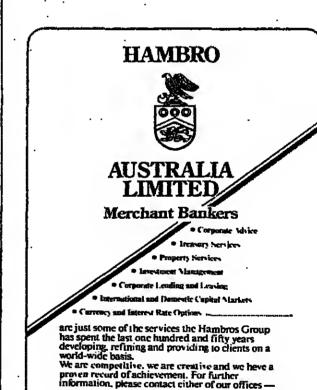
tn spite of the intense fore ign competition we have one advantage as an airline which hes an exceptional safety record, having never tost a life, and which is not connected with eny of the states in the front line

tive rules covering domestic flights in Australia which have protected the interval airlines from Qantas competition since 1979. The result is that every week more than 17,000 empty seats. seats—65 per cent—fly empty on the domestic legs of Qantas international flights because passengers erriving on eirlines other than Qantas must travel inside the country on one of the domestic arrlines even if it

means paying e higher fare than Qantas could offer.

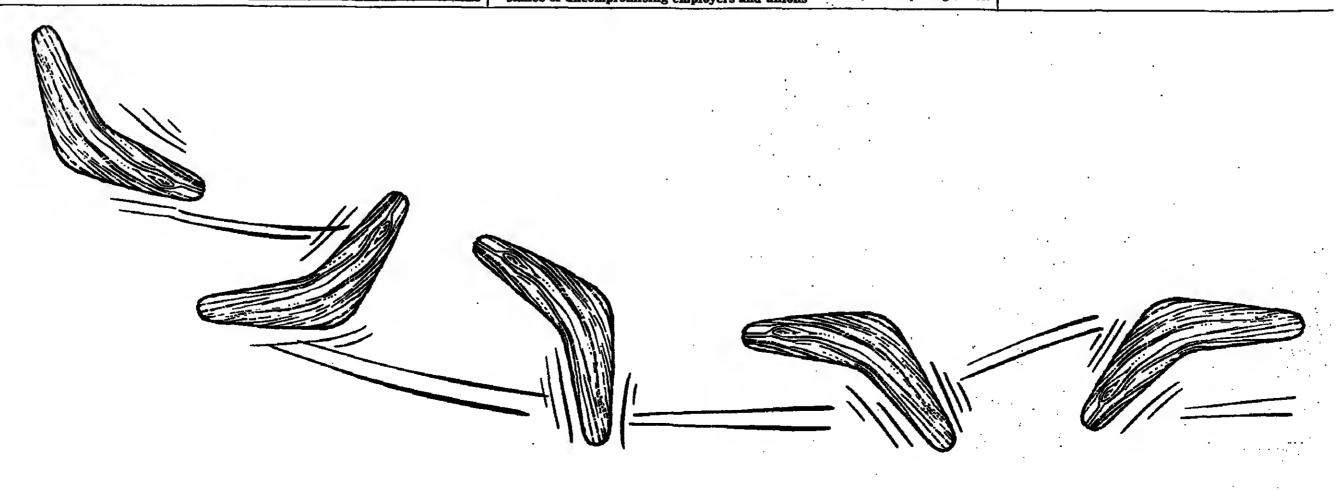
"Between 1964 end 1986 the towest available eirfare for passengers travelling ou international airlines hetween Sydney and London increased by 32 per cent. At the seme time the lowest available eirfare for passengers travelling between Sydoey and Melbouroe on domestic airlioes increesed by 324 per cent," says a Qantas campelgn booklet, "The spirit of fair competitioo."

"I don't see any chance of US-style deregulation bere and any wey unless you deregulate lebour it is meaningless. But the curreot policy works against the tourist industry's efforts to get a higger sbare of the world mar-ket which is supposed to be one of our great economic bopes," Mr Ward concluded, without the faintest hint of optimism.



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Profile of Simon Crean, leader of the Australian Canneil of Trades Unions By Robin Pauley

SIMON CREAN is about to become the most important man in Australia. As leader of the Australian Council of Trades Unions he is the key to the pay accord between government and workers which has kept the economic strategy affoat during increasingly stormy times.

The man who can scupper the pay accord

generation within Australia's Labor Party although, unlike Keating who left school at 15, be has a wide educational back-

Crean is 37 and the son of Frank Crean, a former Treasurer. His entry into the economic strategy afloat during increasingly stormy times.

The economic crisis has now reached dimensions which bave prompted Paul Keating, the treasurer, to call a summit of government, business and unions with the aim of deferring a key promise—the income tax cuts due in September.

The crucial question is whether Crean will refuse, in which case the Accord will collapse and, possibly, the government with it, or whether he will agree, in which case his position

Treasurer. His entry into the union movement was almost accidental: he took a vacation job as a researcher with the Federated Storemen and Packers Union, one of the country's mostified and colleague who is accretary of the ACTU, started his union career in the same union.

Ha progressed up the union hierarchy to become general secretary at 30, using this base

among increasingly restless to climb the ACTU ladder until unions may become untenable. Simon Crenn, like Keating, is part of the new realpolitik been junior and senior vice-

Labor Party slithough, unlike
Keating who left school at 15, be
has a wide educational background with economics and law
degrees.

He has been instrumental
therefore in planning the two
Accords during the Hawke government which have enabled government and unions to trade off deals with each other to keep pay rises down: in short to run a pay policy. Like Keating, Crean is often

tipped as a future prime mini-ster, holding now the position formerly held by the current premier, Bob Hawke. But be insists he bas no parliamentary ambitions.
"I tried for politics once and

got beaten by one vote in the pre-selectionfor Melbourne Poris in 1977. Once beaten, I had no more interest and decided to work through the nnion move-ment from which, after all, the (Labor) Party was formed.

"The problem until 1983 superannuation changes—all (when Hawke was elected) and the problem still in the UK and into account in terms of reductions has been seen as a liability. I have always believed that the relationship properly tapped can be turned to electoral advantage as well as social progress and that's what we've as social wage issues—being taken onto properly tapped can be turned to electoral market is at the seat of the curations that the seat of the curations have to electoral advantage as well as social progress and that's what we've as social progress and that's what we've as social progress and that while the social wage issues—being taken onto properly tapped that the seat of the curations have to excuse is that it has no confiwanting to brick off from them excuse is that it has no confiwanting to brick off from them elece in the trade union movement then 1 don't know what concessions from unions. It is an agreement between two sides of sticking to the accord. They're never going to have confidence if they haven't got it now. Their key problem is an inability to embrace tri-partindications are properly tapped to the accord. They're never going to have confidence if they haven't got it now. Their key problem is an inability to embrace tri-partindications have to sticking to the accord. They're never going to have confidence if they haven't got it now what concessions from unions. It is an else we can do after three years agreement between two sides. They're never going to have confidence if they haven't got it now what concessions from unions. It is an else we can do after three years agreement between two sides. They're never going to have confidence if they haven't got it now. Their key problem is an inability to embrace tri-partindication into account in terms of reducment then 1 don't know what concessions from unions. It is an else we can do after three years agreement between two sides.

They're never going to have confidence if they haven't got it in the accord.

Designing these pay accords the employers and commerce meant trades nnions abandoning their traditional approach to work and pay. "The movement recognises that there are limits to the extent that standards of living continuous have played their part the employers and commerce and industry have not. Investment is also essential in wealth-creating activities to sustain the levels of economic limits to the extent that standards of living continuous have played their part the employers and commerce and industry have not. dards of living can be main-unemployment down.
tained. With the prices and "But where is this investincomes accord we have seen ment? There is a lack of preof living is no longer money

progress and that's what we've But he claims that while the unions have played their part

the ability to introduce the con-paredness to invest or even to cept of trade-offs such that the plan to invest in wealth-creating main distributor of the standard assets although there has been no lack of preparedness to invest in debt or to take over wages.

"We bave had examples of existing assets.

national health, taxation and "The business community is

forgoing soma increases was with Australia's deep economic that a deferred pay rise would problems there is a limit for that a deferred pay rise would be paid this year in the form of a superannuation fund costing 3 per cent of the wage bill and that n A\$\frac{1}{2}\text{bn iwo-phase cut in income taxes would begin in September.

As the deadlina for delivering on these promises draws near,

But, like most of the world's ment strategy and graffiti such incomes policies before it, the bi-partisan arrangement ment—the best Liberal (ie conbetween the unions and the government now faces a critical test. The quid pro quo for moderating real wage claims and pulling the unions complaining inal the ACTU is too close to government such as "The Hawke-Crean Government between the unions complaining inal the ACTU is too close to government such as "The Hawke-Crean Government with ACTU is too close to government such as "The Hawke-Crean Government with ACTU is too close to government such as "The Hawke-Crean Government with a such as "The Hawke-Crean Government with ACTU is too close to government such as "The Hawke-Crean Government with a such a



Simon Crenn says that if snperannuation scheme and tax cuts are not delivered the Accord is

Button Car Plan

Reduction of models

AUSTRALIA, WITH a population no larger than that of New York State, has five car manufacturers struggling for survival them for no improvements in efficiency or productivity," said enough to sustain a couple of them.

The answer, rather than let the locally produced models.

The answer, rather than let the locally produced models.

Manufacturers who import kits of imported components on the industry's financial planning, raising the costs of imported components and against importers in for assembly in Australia are to

The answer, rather than let them fight it ont ngainst each other and against importers in

Australia's five car producers are AMI-Toyota, Ford, General Motors—Holden's Mitsubishi and Nissan, Between them they produced about 385,000 passenger cars in 1985 but the average modal run was under 30,000 because they offer a total of 13 models between them.
Four have completely unvi-able runs of under 15,000 cars u

able runs of under 15,000 cars ne year and only two models, the GM-H Commodore and Ford'a top of the ranga Falcon series, have runs above 35,000. Not surprisingly most manufacturers and models lose money most of the time, Ford being a persistently profitable exception. In addition, the local manufacturers compete against a full range of imported cars which attract penal import duties makattract penal import daties mak-ing them very expensive for the customer. The combination of these duties and the protection from real competition it affords the domestic car and compo-nent makers tend to keep the price of locally produced cars

Marin.

artificially bigh
The Button restructuring
plan, backed by an Automotive Industry Authority to enforce the rationalisation, requires the present 13 models to be down to six or fewer by 1992. The Government also hopes the present five manufacturers will be three by then although it is difficult to see any either merging or pull-

ing out.

Local producers can currently import n quota of cars at n tariff rate of 57½ per cent while all cars imported outside the quota import n quota of cars at n tariff rate of 57½ per cent while all imported outside the quota including those from non-local manufacturers attract a penalty tariff of around 100 per cent. The quota number is to fall each year and by 1952 all imported cars will bear the same fariff of 57½ per cent which means quota restrictions will cease to have any effect although locally produced cars will still enjoy considerable protection through the tariff rate.

"But this could change too. In 1990 the post-1992 tariff level will be recommended and it cond be much less than 57½ per cent. That figure is not set in concrete. But we've got to make a start and concentrate the minds of the manufacturers to got an engine deal yet but we have a start and concentrate the minds of the manufacturers to see what possibility there is for sharing model lines but obviously I am not saying who they are." said Mr Bill Dix, managing director of Ford, more circumspectly than Mr Spurling.

Both agree ment over production of an engine. "We bavent got nn engine deal yet but we are discussing with n couple of other manufacturers to see what possibility there is for sharing model lines but obviously I am not saying who they are." said Mr Bill Dix, managing director of Ford, more circumspectly than Mr Spurling.

Both agree that the plan is got the fact is that gover the level of the tax, for example, is resolved," Senator Button said.

But he added: "The fact is that would follow instant removal of all protection. But they disagree about what is in the plan for the customer. "A better and concentrate the minds of the manufacturers to competitiveness and productivity," says Mr Spurling. "Nothing, it is that you'd better do it in n way which produces n steady result that the disficulties such as the fall in sales or the benefits tax put the Car Flan in deep trouble and things will be tester once the uncertainty over the level of thex, for example, is resolved," Senator Button that it gives the industry in deep trouble and things will be the tax for

them fight it ont ngainst each other and against importers in for assembly in Australia are to the market place, is the Button lose their partial protection by Car Plan in the charge of Senator John Button, the Minister for Industry, Technology and Commerce.

It is an ambitious, centrally planned solution designed to reduce protection and instil some sort of competitive order into the industry by 1962. But some recent developments indicate the plan may now be in lecolarly.

Manufacturers who import kits for assembly in Australia are to lose their partial protection by After a year of record sales in 1965 new car sales have plumineted this year, a fall exacerbated by Senator Button as "dreading the prices caused both by Senator Button as "dreading the prices caused both by Senator Button as "dreading the prices caused both by some recent developments indicate the plan may now be in lecolarly.

The key to the plan will be whether manufacturers can come to agreement with each other, perhaps with the authority acting as marriage-broker, for joint production arrangements. To keep n full range of models on offer to customers from a maximum six basic models will require a lot of "rebadging", renaming, cosmetic changes and differing engine configurations.

he says "There's nothing like that in the car industry. You'll have to go to Elliot and Holmes

In addition, the Government plans n fringe benefits tax from July 1 but to avoid unpopularity with the citizens will impose the tax on employers rather than the beneficiary employees. The

tic changes and differing engine a configurations.

In apite of the unlikelihood of two American or Japanese makers willingly co-operating in a way which could breach their commercial confidentially the Australian crisis is sharpenough to have them at least circling each other.

"I am busting to get a badged car but it is not easy. We are courting for anything—model, engine, anything—model, engine, anything goes," says Mr Grahum Spurling, chief executive of Mitsubshi, one of the architects of the Car Plan and currently enjoying profits from the Magna, Car of the Year, after some rough years. "But we make that in the car industry, You'll we shall use it.

we shall use it.

that in the car industry. You'll have to go to Elliot and Holmes a Court for that."

Two companies that bave made more progress are GM-H and Nissan who have reached ioint agreement over production of an engine. "We baven't got an engine deal yet but we cone."

We somit use it.

"You must remember that Australin's history is of a very over-regulated, slow-moving protected economy. To dismantle that you'd better do it in a way which produces a steady result rather than a cataclysmic one."



The big news at MIM is the Hilton Mine. Just 20 kilometres north of MIM's existing copper and silver – lead – zinc Mount Isa Mine in Queensland. The Hillon region. stretching north-south for about 6.5 kilometres, contains some of the world's greatest silver – lead – zinc deposits, greater than even the existing Mount Isa Mine. Trial mining commences later this year. The resources of Hilton and Hilton North already total 102 million tonnes of proven, probable and possible ore. Grades are similar to Mount Isa's and even richer in zinc. When you consider that MIM is already one of the world's lowest cost copper and silver - lead - zinc producers, the future starts to sparkle even brighter than our purest silver.

In addition, MIM's coal operations continue to demonstrate MIM's commitment to low cost, high grade, large scale mining and energy production. Producing at capacity, they are shipping through dedicated coal ports at Abbot Point, the most northerly coal port in

Australia, and Dalrymple Bay.
With substantial international interests including Europe's largest silver lead refinery at Northfleet on the Tharnes, part ownership of zinc refining and fabrication plants in West Germany, holdings in ASARCO Incorporated. the United States based international mining and metals company and the Canadian Teck Corporation, MIM is looking to the future with MIM — The Resourceful Australian.



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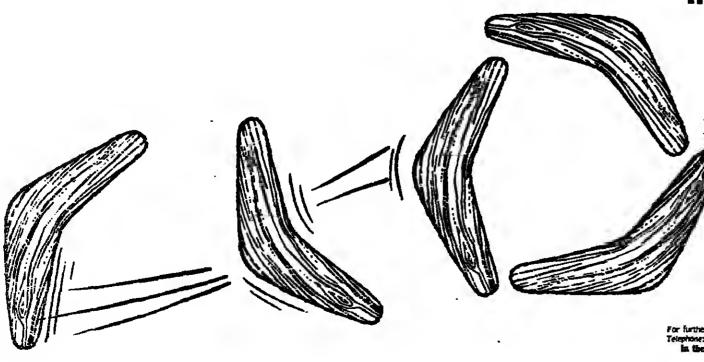
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Left: An iron ere train hauling Newman Mining Above John Kerin, Minister for Industry: warning on fall standard of living.

Natural Resources

Coping with a buyer's market

Mined products, especially coal and oil, have replaced agriculture as the most important export sector but the outlook is sombre

Treasurer, spoke recently of the danger of Australia slipping into the status of a "banana republic", he was no doubt thinking of the difficulties of highly indebted countries whose foreign earnings derive mainly from a few primary commodities with little value added by lechnology or skills.

Of course Australia has his-

Or course Australia has historically earned its wey lo the world through primary exports, with agriculture being the largest foreign earner from the mid 19th century until about 1980. Of course Australia has his-

In the last few years, however, the picture has been changing rapidly, partly because of the growing world surplus in agricultural produce and the flerce protectionism of the US and Europe. This has been worsened by large-scale dumping of subsidised surpluses in some of the markets which

ping of sunsidised surpluses in some of the markets which Australia might reasonably heve hoped to develop.

As the relative importance of agriculture has declined, it has been replaced, not hy high value merchandise of services,

AUSTRALIA'S MAJOR economic problem is its trading performance and the largest element of that is its netural resources sector.

When Mr Paul Keating the Treasurer, spoke recently of the danger of Australia slipping into the status of a "banana republic", he was no doubt bauxite, iron ore and manganese).

As a result the country's compelitiveness in world markets depends crucially on ahipping costs. For the time being the generally depressed state of the shipping market has worked in Australia's favour, even though the country trade union crustoms.

exceed demand for several exceed demand for several Now, Mr. John Kerin, the years.

Coal exports, which are now says: "Our standard of living is Anstralie's largest single export earner, are not only facing huyers' market in commodities strong competition in many and we do not have the populamarkets from South Africa and Now, Mr. John Kerin, the Millster for Primary Industry says: "Our standard of living is going to go down: It is all a say and we do not have the populamarkets from South Africa and North America but also a gene-industry in hig way. Attitudes ral erosion of price as public

oing cheep oil. into commodity merkets which are generally over-supplied, its cing some parts of the trade propects for increasing export union movement of the need for propects for increasing export volumes ere not in general very great, although coal exports rose by cearly 19 per cent in 1984 to 76.4m tooces, representing about a querter of world exports. A steady growth of steaming coal exports seem likely until the end of the decede as the Queensland and New South Welse mines expoit. propects for increasing export

large open cut operations. sectors
The general picture, however, ernise. is subdued since the outlook for Dr lan Storey, mining analyst hasa metals continues to be weak, partly because of the slower growth of deht-ridden developing economics, and by cuttiog costs, locreasing pro-

partly because metals consumption has gradually hecome less important in relation to the growth of the developed world. Aluminium, which enjoyed rapid world growth until the time of the first oil shock in 1973, has auffered from a depressed market since. In coile of some revival in demand. spite of some revivel in demand recently, there is little optimism that growth will recover any-thing like its former momentum.

Therefore, as the developedworld economy has moved into services and the exploitation of computers and information technologies, Australia's net exports have moved markedly towerds energy and energy-related commodities.

This reflects, not just the

modifies.

This reflects, not just the increase in coal production but the rise in oil output and the decision of the Commonweelth governments in 1983 to allow exports of oil for the first time. However the period of oil self-sufficiency is destined to be short. Australiae oil production is likely to decline, oulte fast for

shipping market has worked io Australia's favour, eveo though its own trade unioo customs have reduced the advaotages of low world freight rates lo some cases.

Nevertheless, freight's high proportioo of costs does mean that ships become heavily dependent on the Far East markets, particularly Japan.

Moreover, although Australie is blessed with some of the highest quality deposits of iroo ore, studied in the assumption until the recent accord between the government. est quality deposits of iroo ore, accord between the government coal and bauxite to the world, it and unlons, that wages would is looking out on a world where rise by at least the rate of inflapotential supply is likely to tion plus a hit more.

Now, Mr. John Kerin, the industry in hig way. Attitudes have got to change."

utilities and companies However, Mr. Kerio says it is threaten to switch over to hurvery difficult to make firm decisions and to make them stick,
Because Australie is selling perhaps a reference to the Gov-

New South Weles mines exploit rising prices has led to a sharp their comperative advantage of readjustment with improved wide mechanised seams and large open cut operations.

partly because metals consump- ductivity, making technological innovations and developing to market competitively.

Australia has a slimmer, trimmer more efficient industry bet

ter fitted to tackle a new com-petitive resource market." Nevertheless, the mining and energy sectors are labouring with an out-dated top hamper of government taxes and restric-tion which cannot but relard their progress on world markets.

The Commonwealth Govern-ment has declared its general support for moving away from taxes on production towards taxes on profits, and in the mi

in this direction.

However, as the Paris-based Internetional Energy Agency points out in its latest report in Australia, much remeins to be dooe. Restrictions on exports of coal and other commodities (including some agricultural products) can only penalise the more efficient producers as well as creating a cumbersome

well as creating a cumbersome administrative layer.
As the IEA says of export controls on coal: "Prices to which producers agree should not need to be second-guessed unless they result, from coercion, grossly unequal bargaining power, or other market failure.

"Polleles which inhibit the

"Policles which inhibit the" longer term efficient and com-petitive operation of the coal market, whether by producing or consuming countries, should be avoided."

by which the Commonwealth Government sets crude oil prices, even though its Import prices and currency ments. The Agency is also barsh oo the subject of the premium prices charged by the Queensland and New South Wales Governments for the rail freight of

coal to the ports.
It says that although these very high rates have been somewhet reduced they still "seem in be an unfair means of royalty collection in that they are estab-lished on a volume hasis instead of a profit basis." It says this acts as a disinceotive to com panles with good economic performence and those increas-

ing their productivity. However to get rid of these excessive charges is easier said than done. The states have become dependent on these revenues, while the Common-wealth Government, with hudgetary problems of its own has no cash to spare. Besides. as one Lahor politician was heard to remark: "When will the mining bosses vote for us?"

Max Wilkinson

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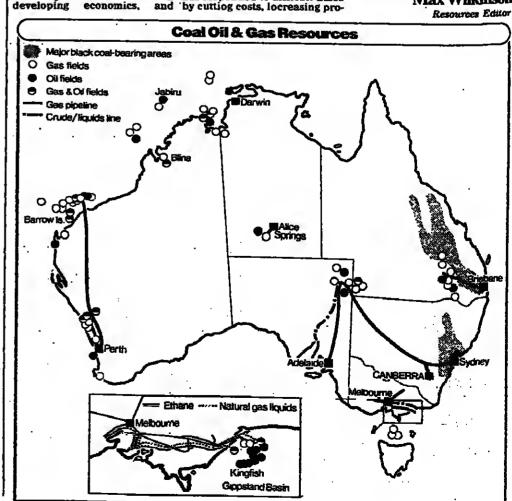
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i marke



Technology puts new life into the mines

Heroic tales of men tramping across the desert, desperate sbortages of food and water ending all too often in dusty dash are part of the folkione of Western Australia. But the old spirit of adventure and discovery has revived strongly, with n new style of entrepreneurs and small companies jostling with the giants io the search for gold. The result is that Australian gold output is now the highest that it has been since 1915 and rising fast, although it is still little more than half the record of 119 tonnes achieved in 1903. Western Australia, But the old of 119 tonnes achieved in 1903. There has also bean a surge of

There has also bean a surge of interest in the names made famous in Australian history as old workings are revived by modern mining techniques.

When Paddy Hannan and Tom Flanagan mada their first find on June 14 1893 in Kalgoorlie's fabled "golden mile," on tha dusty rim of tha Nullabor desert, they could scarcely have dreamed that it would still be bursting with activity almost a century later. Nor would the old miners in nearby Mount Charlotte have foreseen that n new ahaft would be driven more than n kilometre deep to extend the life of the mine from 1985 onwards.

Kalgoorlie Mining Associates'

onwards. Kalgoorlie Mining Associates' Mount Charlotte project and a host of amaller operations rang-ing to some which are tiny by

THE AUSTRALIAN gold rush of the 1980s has resulted from a all been helped by the 29 per remarkable grafting of new technology onto the pioneering efforts of the 1890s.

Heroic tales of men tramping across the desert, desperate shortages of food and water ending all too often in dusty the soll-lore of the soll-l

This allows goldminers to make respectable profits which, by a rather strange Australian tradition, are exempt from corpora-

Although the Labor Govern-ment said last summer that it was thinking about bringing gold profits into the corporation tax net, it appears to have backed off for the time being at

Federal government The desperately needs more cash, particularly after the collapse particularly after the collapse of its oil revenues, but it may also be impressed by the argument that gold mining is thriving and providing more jobs, precisely because it is not taxed.

Certainly the results have been impressive. More than 60 companies are now engaged in goldmining in Australia. Gold exports in 1965, at 51 tonnes were more than five times their level three years earlier. Pro-

level three years earlier. Production doubled in the period to 57 tonnes and is still rising fast. According to the Australian Bureau of Mineral Resources.

about 40 per cent of the amount spent on minerals exploration, excluding oil, was allocated to the search for gold.

Its latest report says that

Mineral Exports into the 90's 999/90 forecast

plans are in hand for the com-missioning of well over 50 new goldmining operations in the next two years in addition to many one to two man alluvial

They will help to keep up an impressive momentum which resulted in a 46 per cent rise in production in 1985. Last year the open cut Kidston Mine, Australia's largest, started operation wilh a capacity of nbout 6.7 tonnes a year. A major extension of the Telfer mine

was announced by Newmont and BHP.
Pancontinental's Paddington mine was commissioned in May and Ranison Goldfields' and Enterprise Gold Mines' Pine
Creek mine was commissioned.

The gold industry has got back Creek mine was commissioned. Windsor Resources started its

This list gives an idea of the hustle and excitement felt by the gold diggers in marked con-trast with the flatness of much

Mount Percy open cut mine in

As Mr Campbell Anderson, managing director of Renison Goldfields Consolidated, says: "The gold industry has got back to how it used to be with a lot of highly motivated entrepreneurs leading the pack rather than the managers of large companies."

Mr Don Morley, finance direclor of Western Mining says:
"There is a lot going for gold

mining: the sort of people in it are dedicated and enthusiastic..." enthusiasm as been technological developments which have helped to bring a substantial reduction in the cost of producing gold for large and small operators alike.

As a result, much lower grade ores can be exploited profit-ably. Many old mines have been re-opened and many smaller operators have been able to reprocess the tailings left hehind by a past generation of miners. The most obvious improve-ment has been the steady increase in capacity and effi-ciency of earth-moving machinery. This enabled open cut methods to be used for many

deposits
The other major developments have been in the treatmeni of ores by new processes including the carbon pulp method, which have sharply reduced costs.

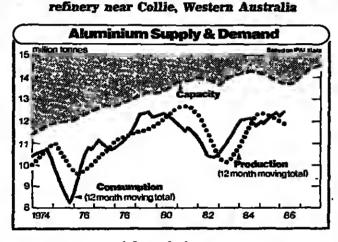
At the other end of the husi-

ness, gold miners are relieved of the increasing difficulties facing other minerals producers

of marketing their output.

As one mining executive remarked: "When you have refined gold, all you have to do is put it in a sack and lake it along to the bank"—almost. And for the time being at least there are no government officials lying wait to pul their scoop in

Max Wilkinson



Worsley Alumina's overland conveyor is 51km long

and links the mine, near Boddington, with the

Aluminium

Tough times for the big three

AUSTRALIAN ALUMINIUM exports rose by 38 per cent comproducers are bracing them pared with 1984; selves to live with depressed metal prices and sluggish growth of around 1-2 per cent a lacrease by 1.6 per cent to

After reporting a A\$69m loss in 1985, Comelco made a modest profit for the first quarter of this year, and, provided metal prices maintain recent gains, the communist world's supply of pany should make a profit in 1986.

The devaluation of the Aostralian dollar helped Alcoa of Australia, owned 51 per cent by Alcoa of the US, to make a profit of A\$46.6m for 1985. But in spite of better metal prices, Alcoa's earnings for the first quarter of 1986 were down 90 per cent on the same quarter last year. The profit of A\$785,000 represented a mere 0.1 per cent annualised return on total annualised return on total assets, a level which the Alcoa board justifiably described as "completely unsatisfactory".

Alcan, 70 per cent owned by Alcan of Canada, made a A\$16.2m profit in 1985, but according to the company, the return on investment was "abysmal".

All three companies have con-

"abysmal".

All three companies have concentrated on cutting costs and improving productivity. It's a far cry from the early 1980s, when Australia perceived "a window of opportunity" for massive expansion into aluminium smelting.

The oil shock of the late 1970s saw electricity prices escalate all over the world. Japan dacided to close down about 1m tonnes of smelting capacity, and cuts were expected in the US. At the same lime, there were hullish forecasts for economic growth throughout the world.

So Australia, with its huge bauxite supplies and abundant steaming coal for power genera-tion, made rapid expansion into aluminium smalting. In the heady optimism of the

early 1980s, nine new aluminium smelter projects were mooted which would have taken the country's smelting capacity to 2.8m tonnes.

In the event, however, the sharp world economic down-turn meant that only three new projects actually went ahead. The CSR-Pechiney joint-venlure Tomago smelter, in the New South Wsles Hunter Valley, came on-stream with 230,000 tonnes in 1983. Alcoa's Portland ley, came on-stream with 230,000 tonnes in 1983. Alcoa's Portland smelter, in Victoria, is due to come on-stream in September this year with 300,000 tonnes of capscily; and Alcan's Kurri Kurri smelter, in New South Wales, has just opened its third polline, increasing output by 55,000 lonnes to sround 150,000 tonnes a year.

According to the Bureau of Mineral Resources (BMR), aluminjum production in Australia rose 12 per cent in 1985 to 851.286 tonnes. Operating rates were at capacity. Aluminium

metal prices and sluggish growth of around 1-2 per cent a year in the foreseeable future.

As with most of the world aluminium industry, times are tough for the three big Anstralian producers, Comalco, Alcoa and Alcan.

The BMR expects Australian aluminium production to large with production to large with production to metal production to large with large with production to large with lar

Alumins production remained about the same as in 1984 at 7.2m tonnes—about 36 per cent of the non-communist results. world'a production. Gross export income from bauxite, alumina and aluminium is estimated by the BMR at over A\$2.5bn in 1985, around 25 per

mated by the BMR at over A\$2.5bn in 1985, around 25 per cent up on 1984. Stocks of aluminium at smelters and fabricating plants in Australia and New Zealand were between 210,000 and 250,000 for most of last year, according to the International Primary Aluminium Institute. This was higher than in 1984. Comalco's General Manager Business Systems, Mr Terry McDonald, says that undoubtedly the major problem confronting the aluminium industry worldwide is the substantial excess capacity overhanging the market. Price increases are likely to draw this capacity back into production with consequent further downward pressure on prices.

At the same time, demand for aluminium, which grew by an average of 10-11 per cent a year between 1950 and 1980, is not expected to increase by more than 1-2 per cent a year over the next ten years. The material intensity of Western economies is declining, with most growth coming from service industries not engineering and manufacturing. The less developed nations, which could boost demand for metals, ere constrained by their heavy debt burdens.

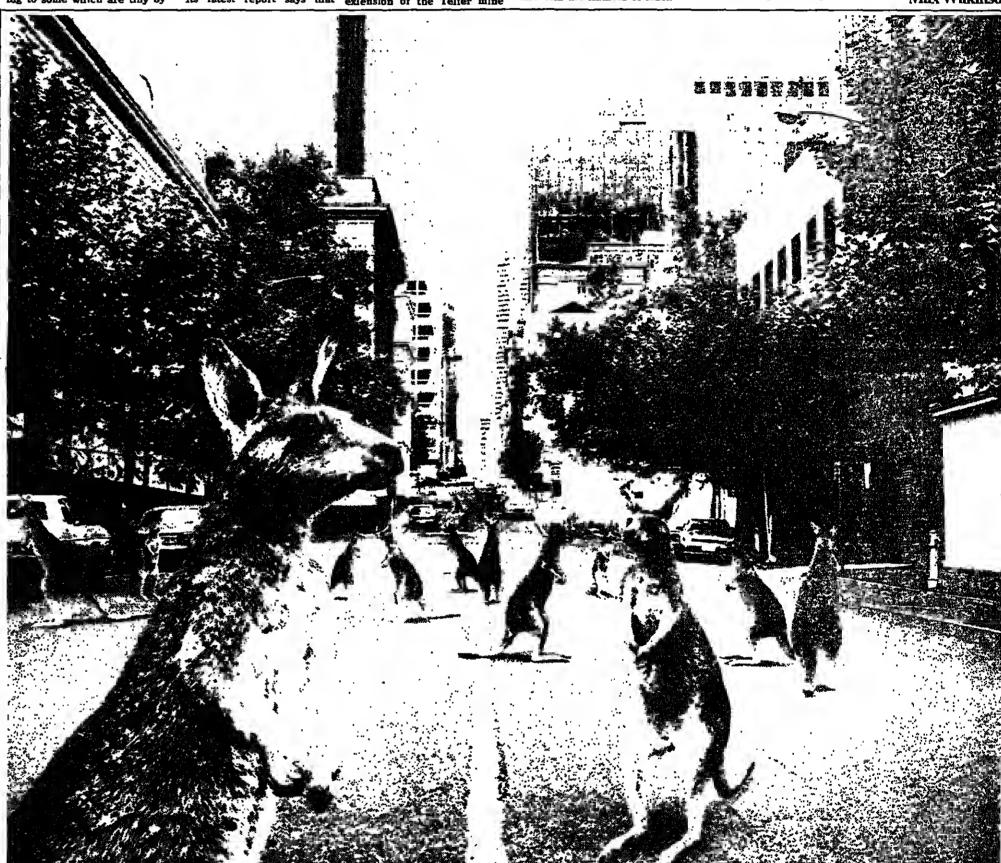
Lower oil prices have meant more competition for aluminium.

Lower oil prices have meant more competition for alumi-nium from plastics and could attract some oil-fired smelting capacity back into production. However, the lower oil prices should ease the poorer countries debt burden. Cheaper fuel could also lead to cheaper freight rales, so important element for Anstralia which is so

far from its markets.

Australia still has a comparative advantage in cheap alumina and comparatively cheap power. Also, much of its smel-ting capacity is very modern and efficient. On the negative side, Australia's competitive position is being eroded by an inflation rate of nearly 8 per cent, more than twice the OECD average. Australian producers have voiced concern over the coun-lry's inflexible wage-fixing scheme and high company lax

Patricia Newby



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Oil

Hoping for better times

"THE IMMEDIATE problem is to avoid panic." Thus Mr Reg Sprigg, one of the wise men of the Anstralian oil industry, tried to reassure fellow oilmen at the recent conference of the Australian Petroleum Exploration Association in Adelaide.

In his address as emeritus chairman of the association, he uged those companies which could take e longer view to keep up the search for oil in the knowledge that better times

would surely come.

It was an Exhortation which
the federal government might fervently second. For the third nil shock—which halved oil prices in only a few months— has come at a peculiarly awk-ward time for Australia.

ward time fir Australia. Its big deposit of comparatively cheap oil—in the Gippsland basin of the Bass Strait—is now reaching peak production from which a steady dectine is likely. Consequently, Australia's dream of becoming self-sufficient in oil will soon fade unless new discoveries are

But the prospects for new oil Int the prospects for new our finds are rapidly clouding over. Esso and Broken Hill Proprietary (BHP) have shelved A\$1hn of their A\$1.8hn exploration project in the Bass Strait. Exploration programmes in the continental shelf off the North North Rest cost and in the Timor Sas west coast and in the Timor Sea must now be called into ques-tion, while the onsbore prog-rammes of a large number of smaller companies inevitably will be starved of cash.

Mr Kelth Orchison, executive director of the APEA, estimates that of the A\$830m which Australia's 92 exploration com-panies planned to spend this year, only A\$450m is left in the budget. Some 4,000 jobs in the industry are in jeopardy, and of the 45 onshore rigs only 13 are now working, compared with 24

a year ago. The federal government has said in its Review of National Energy Poticy, published in March, that Australia would need to drill about 230 exploration wells a year to find reserves equal to each year's consump-tion of crude (about 200m bar-rels) and so maintain reserves

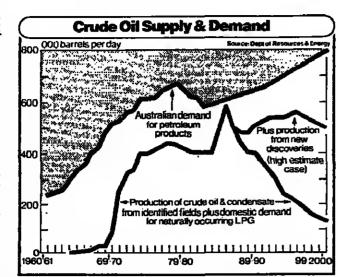
rels) and so maintain reserves at the present level.

Until the collapse of the oll price it looked as if this amhition might be achieved. Last year 226 onshore wells were drilled—slightly more than in 1984—while 135 offshore exploration wells were sunk in the last three years.

This vigorous programme, at a

This vigorous programme, at a storm.

time when oil prices were generally expected to remain at used to the idea of much lower



least above US\$20, led many exploration companies in Australia, as elsewhere, to increase their dehts snbstanlially. About a third of all their financing came from foreign investment, with some companies borrowing heavily in US

The depreciation of the Australian dollar has increased the hurden of those debts for companies which were expec-ting to service them mainly or partly from domestic earnings.

One analyst has esimated that, as a result, perhaps a third of Australia's exploration companies will be vulnerable to takeover within the next 12

Whether or not this prediction is fulfilled, it is already clear that the federal government's longstanding policy of promot-ing the interests of Australian companies will come under increasing strain If the oil price emains near the levels reached

Under present policy, licences are awarded only to ventures which have at least 50 per cent Australian participa-tion. Although this rule had to be relaxed for projects off the North West coast because of enormous capital costs, it has generally favorred the growth of small to medium-sized com-

But now, it looks as if all but the large International com-panies and the diversified groups tike BHP will be highly vulnerable in the gathering

jointly controlled by BHP and Shell, says that the first phase of this LNG plant will certainly continue to go ahead in spite of the hleaker ontlook for prices.

Decisions on the second phase and on another LNG plant to be operated by Elf Acquitains near Parsin do not

Acquitaine near Darwin do not have to be taken for several years by which time everyone is oping prices will have become firmer again.

In the much longer term when oil again becomes scarce, Australia can look forward to exploiting its estimated 24bn barrels of shale oil deposits and to making oil from its abundant reserves of coal. But that future has suddenly begun to seem

remote.
The Government's more immediate problem is how to restructure a tax system which had been to syphon off windfall profits for an era when some companies will be making no profit at all.

prices, attention has focused on the prospects of finding sub-stantial new oil and gas reserves and the likely costs. In spite of the fact that very large parts of Australia are still little explored, opinion has grown that oil may not be as ahundant as was once hoped and that it will be relatively expensive to produce. Senator Gareth Evans, the Resources and Energy Minister. has made it clear that the Com-monwealth Government would like to move to a resources rent royalty which specifically taxes "excess" profits, rather than the present system of excise and royalties which effectively tax Since the major discoveries in the Bass Strait, starting with the Kinglish and Halibut fields in 1967, no new oilfield which

A resources rent royalty has been instituted for the Barrow Island field. However, a more ranks as large on a world scale has been found. A large number of wells in the Cooper and Ero-magna basins in Sonth Austrageneral introduction of the sys-tem will require extremely difficult negotiations with state governments about their rela-tive share of the tax take.

lia and Queensland have yielded useful but small quanti-ties of oil, much of it in hostile In other respects the Govern ment has already conceded ground towards a freer market ground towards a freer market in oil products by tifting the former han on oil exports and hy ensuring that the administered oil price (the import partity price) moves fairly closely in line with the currency market and world oil prices, Off the central West coast at Barrow Island, oil has been flowing since 1967 and is cur-rently being produced at 20,000 barrels a day.

More recently, the discoveries of oil at Jabiru and Chalice in the Timor Sea raised hopes that a major new oilfield might be added to Australia's reserves.

In a period when prices seem likely to he volatile and competition extremely keen, it is also likely that the Government However, the most recent assessment is that in comparison to the Gippsland fields they are both relatively small. will he forced to dismantle the remaining barriers to a free market if its oll sector is to The major finds since Gippsland have been gas, particularly off the North West Coast. However, much of Aostralia's thrive. This may well hurt some of the smaller companies. But in a country with huge distances, a harsh environment and a relatively small population, small companies could expect population in the South East.
This has brought the need for heavy capital expenditure on pipelines and in the case of the

to do well only at a time of high prices.

That is a problem which the Government will have to learn to live with.

Max Wilkinson



Blair Athel Coal company's open pit operations

Freight charges hamper exports

WHY SHOULD a country near the top of the league of debtor nations levy a apecial tax on its most important exports?

It is a question which the coal producers of Australia have been asking more and more loudly as the sharp drop in world energy prices begins to move market conditions against them.

an historical anomaly, now hard to defend, but like all taxes, difficult to reverse. The export duty, which applies to only one type of coal, is not the most onerous of all the taxes and impostes levied on the industry, aince it accounts for less than 2 per cent turnover, but it is

per cent turnover, but it is perhaps the most glaring exam-ple of the industry's complaints. In spite of the help given by a 20 per cent depreciation of the Australian dollar, about 40 per cent of Australian coal produc-ers failed to make after tax profits last year. Many had snibstan-tially nuder-used capacity, and all were struggling to maintain their share of a world market in which there was substantial over-supply.

Nevertheles Australia remains one of the most efficient producers of coal in the world and the largest exporter. world and the largest exporter.
In 1984-85 the country's coal
exports reached e record 84m
tonnes or about 70 per cent of
the industry's saleable coal production, valued at more than
A\$4.6bn (US\$3.2bn).
The Australian Mining Indus-

try Council estimates that the basic cost of mining coal in Australia is about equal to that in South Africa, which has the lowest costs among the major exporters. However the balance is tipped decisively in South
Africa's favour as a result of the
much higher freight and port
charges levied in Australia,
which are equal to about a sixth
of hasic mining costs.
The rail freight charge in

Queensland is more than five times the cost of bulk haulage in privately-owned railways in Western Australia and more than three times freight rates in South Africa for equivalent dist-

The freight charge is there-fore claimed by the industry to include a tax in addition to the export duty, corporation tax, excise tax, research levy, royalties and payroll taxes, which

have contributed to the depressed after tax profit

depressed after tax profit record of recent years.

As Mr G. D. Lill, marketing and so increase the demand for steel. However this has not happenent Company says: "We are operating large-scale mines which are efficient by world standards, but high state and federal government charges means that only a proportion of the Australian coal industry can compete on a world wide basis."

Last year, the Australian Coal Association says that total pay-Association says that total payments to state and federal governments rose by 27 per cent. This was somewhat less than the total increase in sales revenues.

but considerably more the 17 per cent rise in total produc-The main reasons for the sharp rise in turnover was that some large new mines started production while the deprecia-tion of the currency boosted revenues in terms of the Austra-

encourage an increas in invest-ment. New investment in 1984-85 was 18 per cent lower than in the previous year and 60 per cent below the 1983-84 level. The general picture, there-fore is of some improvement in volume and profits for an industry which remains under very strong international con-

straints.
The market for steaming coal for power stations · seems unlikely to grow much in the next few years, and might even contract somewhat if oil prices remained depressed for long enough to encourage industrial companies and utilities to switch from coal to oil. In Japan, which is Australia's major mar-ket, a large switch does not seem likely, but the threatened competition from oil has greatly strengthened the hand of the buyers in current price negotia-

tion.

The market for metallurgical grades of coal, which account for 57 per cent of Australian

coal exports could pick np somewhat if lower oil prices

a fairty static market.

Increased production would bring the double benefit of larger revenues and significantly lower costs. Costs in open cut mines, which now produce 54 per cent of Australian coal compares with 61 per cent in 1980-81, are particularly sensitive to rates of output because of the higher capital costs involved. higher capital costs involved.
A recent study by Longworth
and McKenzie for the Australian Coal Consultative Council estimated that potential export capacity is now about 100m ton-

The study also pointed out that coal producers would maximise their profits by increasing sales volume provided that prices ohtained were greater than the cost of production, capital replacement and breakeven charges.

This point was put forcibly by Mr Lill who pointed out that a A\$1 price cut would cost the industry A\$85m in a full year, but the gain from 15 to 20m tonnes a year of extra sales could be about 10 times that

There seems little doubt that f profitable markets were available the Australian coal indus try could quite quickly expand production significantly above its present theoretical max-imum. The Coal Consultative Council's National Research Group has estimated that exports will reach 113m tonnes

However the industry has been inhibited in the past from

pursuing exports with aggressive price cuts by Federal government restrictions on export marketing. Under present rules, exports are only permitted if the price is approved by govern-

ment agencies.
The larger companies complain that this inhibits flexible marketing and destroys confidentiatity in bargaining Export controls were set up essentially to protect the less efficient Australian producers against the market purchasing power of Japan. However, offi-cials acknowledge that the system makes less sense in a falling and diverse world market. They claim that the system is being operated so flexibly that export permits are hardly ever denied.
However one coal company
executive said the export
restrictions resulted in the loss of about \$1bn worth of sales last

revenues in terms of the Australian dollar.

Although this was partly offset by higher interest payments on foreign borrowings, the industry's average net profit rose by 83 per cent in 1985 to A\$354m. This large percentage rise was from a depressed level however.

The average profit represented an after tax return on sented an after tax return on things employed of less than 8 per cent and not enough to the controls of the overall cost of processed an increas in invest
estimated unat provide an out 100m ton-ness a year or about 2 por than the actual level of exports that the more liberal wing of the Government would like to abolish them. However there is still a strong emotional attachment to controls within the trade union movement among those working at less than full output was about A\$87m for the industry were operating at full with the trade union movement among those working at less than full output was about A\$87m for the industry were operating at full with the trade union movement among those capacity and that the cost of who believe world prices can be influenced by government to the cost of the overall cost of production. Whoever is right, the case for retaining the controls must now

perhaps a lower tax burden may all help the Australian coal industry to expand its market, but they will be of little avail if customers' confidence is sap ped by the spectacle of bitter strikes.

appears to have helped to improve the industrial relations record substantially in rece years. The number of manshifts lost through industrial action in 1984-85 was 246,000, only about half the loss in 1981-82.

But a long and damaging coal strike in Queensland this spring was a bad setback to the image of the industry and led to claims that valuable contracts were at risk. Because coal stocks were high, it seems that supplies to customers were scarcely dis-rupted. However stocks were high only because the industry been operating at well below full capacity for some time. That is the problem.

Max Wilkinson

Well-placed in Australia.

gas is remote from the centres of

North West Shelf project, an expensive Liquefied Natural

Plant solely to supply Japan. Woodside Petroleum, now



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mender HongkongBank group.

Farmers market their message of a rural crisis

LAST YEAR Australian farmers and laconic farmers have found dumped wheat on the steps of their voice in Mr McLachlan. Parliament House and staged the consummate agri or agro exports, only 376,000 people or 6 tractor blockades around Cancel attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attention to the dire mate of the balloves that formers must be all attentions are dependence on rural sector wool (ASL3bn), wheat (ASL3bn), beef (ASL3bn), beef (ASL3bn), beef (ASL3bn), dairy products (ASS00m), could be all attention to the dire mate of the balloves that formers must be all attentions are dependence on rural sector wool (ASL3bn), wheat (ASL3bn), beef (ASL3bn), beef (ASL3bn), beef (ASL3bn), beef (ASL3bn), all attention to the director of the workforce is ducts (ASS00m), could be all attentions are dependence on rural sector wool (ASL3bn), beef berra to draw public and politi-cal attention to the dire state of

A Thursday June 1

exports

the rural economy.

This year's methods of publicling the "rural crisis" are much more sophisticated. No more flocks of sheep will be driven through the heart of Mel-bourne (population 2.9m). Instead, the farmers' message will be marketed within Austrawill be marketed within Austra-lia through an advertising cam-paign, and overseas through the likely establishment of perma-ment representation in Enrope.

Farmers are also establishing manufactured goods.

fighting faud to give them Dinder NFF auspices, as colitical, economic and indust.

A\$20m "multi-media awareness" a fighting fluid to give them political, economic and indust-rial clout.

Mr Ian McLachlan, president of the National Farmers Federation (NFF) made a ral-lying call at the NFF annual Mr McLachlan, a 48-year-old products and services will be wool grower from Adelalde, is featured in the advertisements, the articulate, persuasive spearhead of a movement which has become known over the past 2 months as the "rural revolv". 2 months as the "rural revolt." have to sell their message to Australia's normally reticent their own countrymen.

He believes that farmers must contribute to the world trade debate, and continue to hammer dent on rural industry). About the big trading bloes like the European Community, the US and Japan over agricultural nothing about farming and protectionism and subsidized world commodity prices.

At home, the farm lobby is one of the most effective voices in A\$15.3bn. This represents about calling for lower inflation, more 5 per cent of gross domestic prolabour market feetblike duct but farm exports.

A\$20m "multi-media awareness campaign" with the slogan, "you can't take the country out of the COUNTRY" kicks off in July. It aims to improve the perception among city-dwellers of the role and importance of agriculture. The campaign finance comes from sponsorship from businesses and banks whose products and services will be featured in the advertisements.

(although this number trehles if you count jobs judirectly depen-

calling for lower inflation, more for event of gross domestic prolation market flexibility, reduced taxation, and the scaling down of protective teriffs on manufactured goods.

Inder NFF auspices, as manufactured goods 20 per cent of export income.

Alistralian farmage and for accounts for 40 per cent of agricultural production this year will be the second lowest on record after the disastrous drought year of 1982-83.

The net real value of agricultural production this year will be the second lowest on record after the disastrous accounts for 40 per cent and drought year of 1982-83.

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The net real value of agricultural production this year.

The net real value of agricultural production this year.

squeezed in a pincer of low wurld commodity prices and bigh domestic costs. The slump in export commodity prices (including minerals) which has

prising to people Keating, commodity export lia that farmers prices are as low in real terms as at any time since the 1930s countrymen.

ducts (A\$380m), cotton A\$255m). The "farm crisis" is evident in Bureau of Agricultural Econo-mics (BAE) figures which has forecast an 18 per ceut decline in the uet real value of agricultural production in the 1986-87 financial year which begins on July 1. on top of a 31 per cent fail in the current

within two weeks of its Prime Minister Boh Hawke launch, the NFF had raised returned from the US in April

For example the NFF is prepared to take court action. He had scarcely heen home 24 against unious where it helieves hours when it was announced the unions' actions are damagting the rural, and widar, economy.

Farming is less vulnerable to union retaliation than husiness to bring it just under the Australian at ahout importer of temporate zone agricultural products, is now the world's second largest exporter as a result of subsidies paid to producers.

The Bureau of Agriculture Economics (BAE) estimates that the cost of the EC's protectionist poticles to Australia at ahout

cent of Australian farms had negative incomes this year. Around 12,000 of Australia's 174,000 farms are considered by the BAE "at risk" from bankruptcy.

The Australian Government has acknowledged the rural crisis with is April White Paper entitled Economic and Rural Policy. In the most comprehen-

sive statement on the rural economy ever put to Parliament, the primary industy minister, Mr John Kerin, said that Austra-lla could not afford subsidies on Ila could not afford anbsidies on the scale of the EC and the US. However he did announce a package of rural assistance measures including subsidiased interest rates, removal of tariffs on farm machinery, lower diesel fuel prices and review of transport and handling methods with a view to increased efficiency and lower off-farm costs.

The NFF, alarmed by the fact that Australia's inflation rate is double the average for the Organisation for Economic Cooperation and Development and more wage rises are in the pipeline, has established a "fighing fund" to give the farm lobby more clout.

"Agricultural issues are pub-

more clout.

"Agricultural issues are public issues. They are economic price takers. They are not, in general, subsidised.

Mastralia dominates the world market, Australian farmers are price takers. They are not, in general, subsidised.

Australia, dominates the world market, Australian farmers are price takers. They are not, in general, subsidised.

Australia dominates the world market, Australian farmers are public instance.

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Australia dominates the world market, Australia farmers are price takers. They are not, in general subsidised.

Asim towards an Asiom target. pleased with official assurancea. The sim is to invest the Asiom that the US would not target and use the interest to finance Australian markets with goods political activities.

Australian markets with goods subsidised under its Export

Trucks loaded with cane being hauled to a raw sugar mill, near Mackay, North Queensland. Sugar mills

operate about 2,200 miles of light railway to transport cane

tries like Australia will be hurt. The Australian Wheat Board believes that wheat prices to Australian farmers will fall by about A\$12 a tonne in the 1986-

importer of temporate zone agricultural products, is now the world's second largest

The EC, which used to he a net importer of temporate zone agricultural products, is now the world's second largest exporter as a result of subsidies paid to producers.

The Bureau of Agriculture Economics (BAE) eslimates that the cost of the EC's protectionist poticles to Australia at about to foll with the purches, and to the farm level there is and cockatoos that come for the seed.

Australian hirds, which are prohibited exports, fetch up to US\$500 each on the black marketing.

Selling things today is sell-

lian tender price.

The US Food Security Act, the so-called Farm Bill, is already affecting Australian exports of barley, cotton and rice which have had to compete with US auhsidised exports.

The heef industry is afraid the trade war between the two hig trading blocs will break out in Asia—the heartland of Australia's beef market.

Although the US says it is only targeting EC markets where subsidies are already being used, it is inevitable that countries like Australia will be hurt.

Ashn a year in lost trade and ing fashion, rather than selling humogeneous commodities." Mr Mclachlan says. There is so much food about that Australia has to look at being able to sell exactly what the consumer wants cover, which argues that instead of the largely npen-ended system of price support, the EC could achieve its domestic, social, economic and political objectives at substantially lower cost, both to the Community.

Ashn a year in lost trade and ing fashion, rather than selling humogeneous commodities." Mr Mclachlan says. There is so much food about that Australia has to look at being able to sell exactly what the consumer wants lean meat, then Australia wheat has to be marketed on the basis of its excellent quality and so on.

No matter how much effort is made at the farm level, within the domestic economy and on the world scene, the truth is that Australian farmers will con-

The chairman of the Meat and Livestock Corporation, Mr Dick Austen, said on the departure of 200 years since white settlement

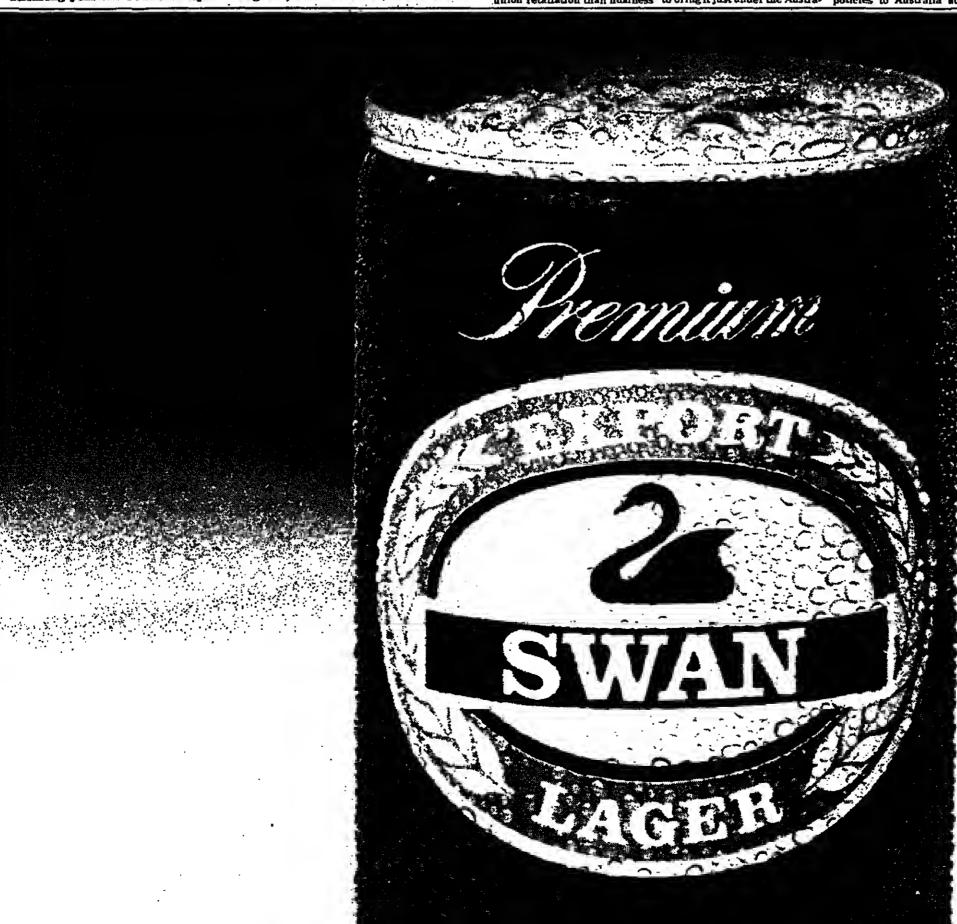
Australian farmers will fall by about A\$12 a tonne in the 198687 season as a result of the US Farm Bill.

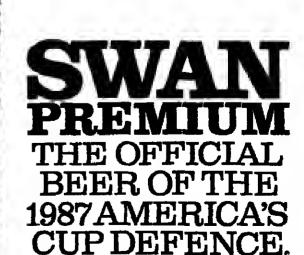
The NFF is considering establishing a permanent presence in Europe to create greater awareness of the cost to Europeans and to other countries of the CAP will not be reformed overomen Agricultural Policy (CAP).

Australian farmers bave no to go years since white settlement 200 years sinc property over to crops and har-vesting the beautiful parrots



Shearing year-old Cormo sheep at Dungrove, near Bothwell, Tasmania







America's Cup

Prestige is name of the game

THE SEA breeze signting scross the indian Ocean into Fremantle carries a pleasant aroma of money.

top hrass and their guests who will be watching.

Port charges alone for the 1S cruise ships expected to steam

ing prow-by-prow to windward accompanied by the innvitable All this is very good news for

Today it is the New Zealand the painters and decorators. They have heen out in force, can out on a routine practice: two identical 12-metre yachts with as near as possible identical gear and crews. That is bnw the Kiwis test whether a slight twist on the which, in another balf incb on the spinnaker guy.

They have heen out in force, smartening up the pleasant jumble of Colonial Edwardiana in the narrow streets by the waterfront. After years of genteel neglect. Fremantle looks like a town that has come into a hit of money and is determined to enjoy itself.

tearing up five pound notes. But the next series of America'a Cup races, off the Western Austra-lian coast, is more like a milit-

the Perth-hased entrepreneur, the hall as a central focus to Mr Alan Bond, whose wing-keeled Australia II wrested vic-lin Fremantle, 10 major buil-

money.

Far out in the blue, heyond the new yacht harbour, two perfectly trimmed sails are sliched to sleam single longer to guests have eaten a single longer.

launch scurrying like a terrier most people in Fremantle, besides them. besides them.

Today it is the New Zealand the painters and decorators.

twist on the winch, nr another town that has come into a hit of balf incb on the spinnaker guy, witl gain that vital second needed for victory in February.

Ocean yacht racing was once described as the equivalent of standing under a cold shower promoted protests against the event.

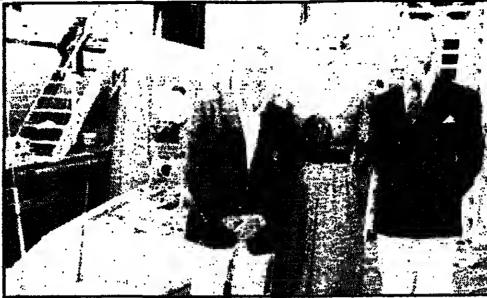
The style of refurbishment la set by the 1897 Esplanade Hotel, down by the fishing barbour. Its ian coast, is more like a military operation, with the costs fine stylish wooden galleries, beginning to look like the yacting counterpart of Star Wars.

Many of the syndicates behind the 14 contenders for the cup have doubled their estimates of costs in the last couple of years, partly because of the fierce standard of competition set by the Perth-hased entrepreneur. In whall as a central focus to

tory from the US in 1983.

His crew is training through taken with an estimated total His crew is training through taken with an estimated total the Australian winter, rain nr cost of around A\$35bn. shine, with the precision and However, the total henefit of discipline of a naval gun crew. At the same time, the constant search for another whisper of speed has led to heavy expenditures nn research and development into sails, gear and hut design, and finisbes.

The cost for the leading syndicates is now estimated to be running at between A\$10m and state administration of the project, estimates that the total direct and indirect benefit could be as much as A\$10m and Some 500.000 extra visitors



Flashback to Newport, Rhode Island, 1983: Alan Bond (left), chairman of the Australia II syndicate, with Prince and Princess Michael of Kent during a tour of the Australia II dock-but the yacht's keel remained a secret.

February: almost twice the usual number.

This bas stimulated a large programme of botel building and refurbishment, as well as a major increase in public spending on roads, a port railway, bousing telecommunications, a new yacbt harbour and other projects.

In addition, substantial sums will be spent on specific facilities needed for the race—A\$1.3m for converting an old bockey hall to house the expected influx of 1,000 journalists in air conditioned comfort; money for 250 extra police on land, and harbour patrols; not omention facilities for 20 helicopters which TV crews and the richer yachting corraspondents will cummandeer.

The thilding of a new harbour pamed bour, optimistically named equipping bis Australia II with an enormous Swan Lager spinnaker, which can be boisted only after the race.

The Kiss Organisation of France has infiltrated some tits even faster growing band of yachtsmen will quickly fill up all available berths.

It is less obvious who would to mention facilities for 20 helicopters which TV crews and the richer yachting corraspondents will cummandeer.

The Commonwealth Government at a properties of botel building and refurbishment, as well as a great with a programme of botel building and refurbishment, as swell as a great with an any previous cballenge. Mr Alan Bond bas sbown the way by equipping bis Australia II with an enormous Swan Lager spinnaker, which can be boisted only after the race.

The Kiss Organisation of France has infiltrated some cheeky advertising by calling its yacht French Kiss and its motor launch Kiss Mn Tender. There are no prizes, say West Australia loses the cup, sending network on the way by equipping bis Australia II with an equipping bis Australia II with an enormous Swan Lager spinnaker, which can be oblisted only after the race.

The Kiss Organisation of France has infiltrated some prizes, say West Australia loses the cup, sending the sleek-bulled racers back across the oceans to Newport Rhode Island, or, who knows, to Cowes. Fremantle's constant the propertie

February: almost twice the that have been built for prestige of a corporate showcase than

area

The other expected pay-off is in the corporate sector. For few of those connected with the event are naive enough to believe that the America's Cup sponsors are entirely—or even mainly—driven hy the high romance of wind. salt spray and the grace and power of tall-maxed yachts.

Next year's America's Cup

surroundings. Business may be done. contacts will he made. with it is boped, major intangible benefits for corporate Australia, particularly the West.

As one official said; "Many of these people will never have been to Western Australia before. When they get here we hope that they will be pleasantly surprised. It will make Perth a centre that they shine, with the precision and discipline of a naval gun crew. At the same time, the constant search for another whisper of area is much greater. The America's Cup five, set up to conditures no research and development into sails, gear and hutidesign, and finisbes.

The cost for the leading syndicates is now estimated to be running at between A\$10m and A\$20m, not to mention the hig corporate expenditures for transporting and entertaining period, between October and officed and indirect benefit of the West Coast during the race transporting and entertaining direct and indirect benefit of its officed and indirect benefit of the West Coast during the race of the huge hut little-used stadia

direct aid towards these promisers these promises to direct aid towards these promisers and interest aid towards these promisers and direct aid towards these promisers and interest and interest aid towards these promisers and interest and interest aid towards these promisers are interest and interest aid towards these promisers are in the corporate expenditure and number of major properties to hring total public spending for the America's Cup to A\$80m. Officials point ont that this expending on events like the Olympic Games.

Next year's America's Cup to A\$80m. Officials point ont that the corporate with spending on events like the Olympic Games.

Next year's America's Cup to A\$8

The Commonwealth Government bas provided A\$30m in direct aid towards these projects, while the Westero Australia Government has been direct and towards these projects, while the Westero Australia Government has been direct and towards these projects, while the Westero Australia Government has been direct and towards the best of the corporate sector. For few

make Perth a centre that they know about."

Max Wilkinson

Tourism

Plenty to explore

"YOU LOOK like you need a holiday." Paul Hingan, the archetypai blonde, hronzed Aussie, has been telling American televiaion viewers for the past 18 months. And Australia. ne says, is the place to take it Hogan, whn is selling Fusters Lager to the British for a very iarge fee, did not take any pay-ment for his part in the enor-mously successful Australian

advertisement His success in selling his country, which he honestly believes is God's Own has made him something of a cult figure in the US where he was recently given the keys of the city of Los

Tourist Commission (ATC)

given the keys of the city of Los Angeles.
Hogan winds up the (ATC1 advertisement by saying: "Come on nver. I'll slip another shrimp on the barbie" (barbequel. And Americans have accepted his invitatinn—in their thousands.

In the last six months of 1985, the issue of tourist visas to Americans was up 40 per cent. After growing by only S per cent in 1984, the number of US tourists to visit Australia in 1985 v up 27 per cent to 205,000 and this year is expected to be up another 35 per cent while tour-ism to Australia overall is to Hawaii expected to increase 14 per destination

Qantas reported a 40 per cent year to end March and is now to 162,000 and mostly remains, flying 18 747s a week to and from the US. Other carriers plying the Australia-US run report an Relatives.

of Libya at least two US conven-tions scheduled for European cities have bad their venues switched to Australia.

Australia has come of age in the tourism business. Late to start, anxious that perhaps this country didn't justify the air-fare, Australians have realised casual atmosphere of the Hogan start, anxious that perhaps this country didn't justify the air-fare. Australians have realised that they do have something to

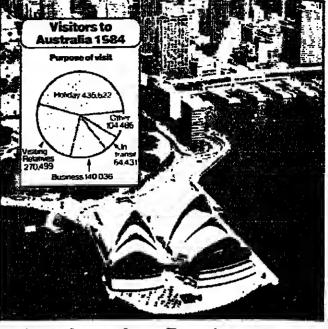
Apart from the fact that shrimps are actually called prawns, the US tourist almost certainly find that Australia is as "Hoges" tells it. He offers
Ayre's Rock, wide open spaces, the beach, Sydney Opera House and the great Australian barand the great barand the great Australian barand the great barand the great barand the great barand the gr

and the great Australian barbeque.

As he says, the people more or iess speak the same language.
And importantly, Australia is a safe, friendly destination in an increasingly hostile world.

Australia is perceived as one of the last unexplored piaces on earth, hut with the infrastructure for tourist comfort. "it's wilderness with a hathroom," according to one American tourist.

Japanese tourism to Australia is also growing strongly, After a 27 per cent increase to 112,000 last year, tourists from Japan are expected to rise another 25 per cent this year, Surfers Paradise on the Gold Coast of Queensland is now second only



Sydney's famous Opera House juts out into the harbour

to Hawaii as an nverseas for noneymoon couples.

Tnurism from the UK and Ire-

upsurge in US business. Tourism contributes S per In the wake of the US bombing cent to Australia's GDP. Overseas visiturs spent about A\$1.Shn during the last financial year. As manufacturing con-tinues to shed lahour, tourism is

casual atmosphere of the nogan advertisement was a hard-nosed professional operation by the ATC which has bad its budget increased over the past five years by 160 per cent to A\$26m in 1985-86.

If the advertisement did not

again with their husbands on

11/1/

Entrepreneurs are gearing op to provide international stan-dard facilities for the expected 1.3m tourists who will visit this year, not to mention the highly lucrative corporate trade.
About AS6bn is heing spent in

Australia on construction of 22 international standard holels with more than 6.700 rooms. The 34-storey Hyatt on Col-lins, which is due to npen in Melhourne this September, will be the world flagship of Hyan International Hotels.

The hotel will be managed by Hyatt, but is being built by an Australian consortium which Australian consortium which has apparently spared on expense, confident of the growth in curpurate and upmarket tourist business. From its imported marble lobby to its three direct-dial telephones in every room, it is a symbol of the new part of furury bridge.

new era of luxury hutels. If plush hotels are not your choice, you can go camping lo tents in the Oulback or trek across the desert on a camel or

across the desert on a camel or just lie on the beach.
All the coastal cities. Perth. Darwin, Brishane, Sydney, Melbourne and Adelaide, offer the heach at the front door and the Bush at the back. The State of Tasmania is part of the world's natural heritage containing some of the last wild rivers on

Tour operators package everything from farm holidays to skiing in the Snowy Moun-tains to the America's Cup. As Hogan says, all the fourist has to do is learn to say G'Day.

Patricia Newby

Doing Business

How to have a G'day

SINGAPORE'S Prime Minister, manager of the Hyatt on Collins
Mr Lee Knan Yew, on a recent Hotel in Melbourne.

visit to Australia said most Trying to be relaxed and Asians see their Anstralian informal when you can't under-

Mr Lee suggested that after would be pronounced Down long years as a "reflective civilisation" firstly of Britain, then the rest of Europe, and nuw America. Australia should seek to become a primary rather than a derivative society.

much the same tor sime as it would be pronounced Down Under).

An Englishman wbo was buying Australian films remarked on the unusual name when be met someone called Rye. Actually, the man's name was Ray.

to become a primary rather than a derivative society.

In fact, conservative Australia's xenophobia, especially towards Asians, is gradually declining. Australians are proud of their way of life and the vast increase in recent years of tourism everywhere bas made them more tolerant of other people's customs.

Australians are hig eaters and drinkers with plenty of disposable incnme for sport, gambling, entertainment and electronic gadgetry. They are also given to swearing with a fiamboyance that startles European and Asian elike. But once acclimatised, doing business in Australia is mostly straightforward. And for Americans, it's a plece of cake.

Strikes do occasionally disconting the man's name Rye. Actually, the man's name was Ray.

G'Day (from Good day) is the man's name was Ray.

G'Day (from Good day) is the was laso on contend. But businessmen usually bave their own language and on the whole most foreign and on the was laso on the was laso on the was laso on the was laso on the w

and includes extensive interpreter services. Most modern hotels provide the services businessmen need including telex, photocopying and facsimalle transmission.

something they will ask a direct question and they give straight answers. According to one European diplomat, Australians and the point of the point of

The American habit of naivete. The American habit of wisbing everyone a nice day several times a minute bas bacome widespread in hotel Australia, as has the habit of "service" people identifying themselves by name. Instead of the disembodied "Operator" that used to answer the botel phone, you now have, "Hallo, operator Anne speaking" or "Hallo, this is room service. Sally speaking."

In general, one doesn't lip taxi drivers except to save the bottle root waitine for small change. Tipping in hotels seems to he on the increase and it is probably better to tip than not to up.

Al restaurants it is customery to leave a tip of perhaps 5 to 10 per cent. Visiting husinessmen who over-tip may anooy Australians of European origin will iman acquaintances who don't want expectations raised in the

Hawke down.

"Europeans need to loosen" There have heen some np. Anatralians are intimidated spectacular accusations of by formality." according to corruption recently in relation to drug trafficking, but for the

Asians see their Anstralian neighbours as big beef eaters stand the accent is, of course, a with large wallets, formidable thirsts and little appreciation of Asia beyond its cheap cameras and TV sets.

Australia's inahility to come to terms with its place in Asia and perhaps Asia's inahility to understand the Anglo-European-based colony in the far flung Antipodes. is handicapping trade and growth prospects for the whole region.

Mr. Lee currented that allow the same tor sime as it would be pronounced Down

And for Americans, it's a piece of cake.

Strikes do occasionally disrupt the airlines, but mostly public transport is efficient. The phone system is excellent, and includes are a far more vulgar expression.

If Australians want to know something they will ask a direct question and they give straight deviousness to the point of

Sally speaking recommend a family member want expectations raised in the Informality is the rule, from where possible, but this is service industries. For businessmen who feel uncomfortable not tipping, the

corruption is not a problem. The plethora of rules and regulations on taxation, foreign investment, expurt cuntrols and so and o require study, but (some would say unfurtunately) you don't cut red tape by bribing

officials.

The business lunch is a regular feature of Australian life although it has just been axed as a corporate tax deduction. Business lunches tend to occur between established business contacts, rather than to secure new business.

It is perfectly acceptable to do business without feeling obliged to take a contact out lo lunch. Government officials may feel it ethical to refuse a lunch where large government purchasing contracts are involved.

In the privale sector, a free lunch is usually appreciated. But Australians don't like feelble, allow an opportunity for the Australian to repay hospitality by taking you to the football, or the races or boating on Sydney Harbour.

Australians love to show off their country. The so-called "cultural cringe" of previous eras is over. Aussies are prood of their food, restaurants, wine cities, theatre, films, ballet opera, the heaches, all aports their gray brusse events.

events, the neacnes, all aports
events, their own hnuses, even
the cnuntryside.
An excellent way of escaping
formality at the office is to
express interest in any feature
of Australian life and an invitation will probably be forth-Coming.
To tip or not to tip? Some

Australians claim they never up anyhody ever. And certainly wages are set at levels that mean workers in service indus-tries do not have to rely on lips in the way they do in Europe. In general, one doesn't lip taxi drivers except to save the bother of waiting for small change. Tipping in hotels seems

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FINANCIAL TIMES JOBS

Thursday June 5th 1986

Why personality counts most in the race for the top

BY MICHAEL DIXON

WHICH OF the following two sarily true. Nobody can be sure couples would you expect to make the more successful marriage? A pair whose personalities are much the same. Or a wbose personalities

1 ask because of a chat I had the other day with Professor Ray Cattell, one of the world's best known anthorities on the topic. If you have bad your personality tested, it is probable that the tests you took included the one be developed. It is called the 16PF because it assesses 16 different personality

Even readers who have so far escaped personality tests have a fair chance of heing confronted with one if they try for a new job. Such tests are in growing vogue among employers.

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Many of them believe that success in a job depends greatly on the recruit's personality fitting the demands of the work, especially in top positions where the fit is often thought more important than technical the little is not necessarily to the second of the second

even that such a thing as sonality test in selecting senior personality exists. However many people you cut to pieces, you could no more find their personality than yon could their ties fit the demands of the job soul. But if employers believe that accounties and Pau Cettell is he agreed that

claim to be one of the soundest davices for assessing the crucial element. In its 36 years of use the 16PF ouestionnaire has been completed by millions of paople. Vast experience lies behind its predictions of how a given mix of personality traits is likely to get on in various types of job. or with different kinds of

The reason why marriage came up during the talk with the 82-year-old professor—who was in London for a seminar at the Independent Assessment and Research Centre—lies in the question I put to him at the outset.

The chance of a couple with subordinates very much in their financiers and so on.

The need for top executivas are aware of the importance of to develop and maintain auch contacts is well documented.

"It's a finding that puts paid to the myth that, in buman peak of organisations which seems to be little appreciated in the poles go together and like poles are at odds," the professor said.

When top people use a perthat personality exists and matters crucially, then it might organisational chieftains often just as well do so—as far as job candidates are concerned, any to filing their aenier subordinates are concerned. use the test primarity as an aid to filling their aenior subordin-ate posts with people like them-

While the finding does that much, however, I cannot see that it explains why, when selecting seem as consisting of cleverly highest rank — which he calls seem as consisting of cleverly highest rank — which he calls deciding strategies for the "institutionat" level as distinct from the "administrative" and "technicat" tevels succinctly by another American trative" and "technicat" tevels succinctly by another American farther down — the task of researcher, Melville Dalton in directorate lacks.

In that case, Cattell's test can selves.

Laim to be one of the soundest davices for assessing the crucial element. In its 36 years of use kind of old boy net might be the 16PF ouestionnaire has been completed by millions of paople.

Vast experience lies bebind its predictions of how a given mix are posts with people and the first the colleagues."

Take married couples for example. His test evidence was that a pair with different personalities had at best a 50-50 cbance of a successful marriage. The chance of a couple with above evens, about 40 per cent better to fact.

"It's a finding that pute role."

To colleagues."

It's a finding that pute role.

It's a finding that pute ro

Real reason

own premises would usualty be quite unable to do their job if they did not get on well with spread practice surely cannot other people. In their case, it systems, engaged in constant is just that the other people they need to get on with do not include those working in the same organisation.

In the conventional inter- Academy of Management Re- administrative and technical capability to provide jobs at

other organisations in their environments," he says. As such, a company lacks control

that interpretation is a myth.

Even chiefs who behave like managing relationships with the Terrible within their heads of external organisations "Wittingty or not." the

"Wittingty or not," the typical chief "begins to look for allitudes like his own as assuring a hasis for understanding and co-operation." he reports." With considerable reports. "With considerable scientific support, his search

scientific support, his search moves on the assumption that those with qualities and interests like his own will think as he does."

So there is evidently sound sense hehind top executives tendency to fill their upper offices with people like themselves, and behind their use of personality tests with a view to doing it more accurately. Otherwise their outfil might cease to be effective at the high-level contact work and perhaps lose its economic perhaps lose its economic

alt. Much the same applies, albeit in different ways, in the Soviel Union and other

tivisi countries as well as in western-type democracies. But, however much the maintenance of the old boy nel may help organisations in stable conditions it is liable to do the opposite when the environment changes—as it is evidently doing across most of the older industrialised world today. And one common trait of top peopte is a reluctance to step down in favour of different folk more in

tune with the new state
That observation may explain
why the economists Mancur
Olson has argued that the main
reason for the post-1945 success of Japan and Germany was not that the war desiroyed their factories which had to be re-built with modern machines, but thal is broke up their outdated old hoy networks. Let's hope we do not need such drastic assistance in re-equipping ourselves with a leadership appro-priate to the times.

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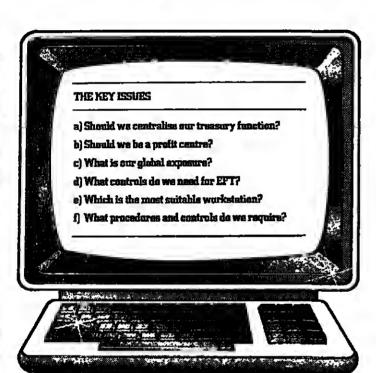
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PHILIPS

UMIST

COATS VIYELLA PLC CHAIR IN CLOTHING ENGINEERING

The development of a high productivity, high technology garment making industry in the UK highlights the need for a centra of research in this field. Applications are invited for the newly endowed Coats Viyella PLC Chair in Clothing Engineering within the Department of Textiles.

The New Chair reflects the growing needs of today's textile Industry, as modern information technology is increasingly deployed in the areas of garment construction, such as computer lay planning, laser cutting, robotic handling and high speed sewing.

The person appointed will be expected to provide academic leadership in founding a research school and in developing a new honours degree course in Clothing Engineering. Contacts with industry will need to be tostered at all levels. Proven ability in research in any relevant discipline and some textile experience

Salary will be negotiable within the Professional range (minimum £19.010). Informat enquiries may be made to Professor P.W. Foster (Department of Textiles; phone 061-236 3311, extr. 2719). Requests for application forms and further particulars quoting reference T/57 should be sent to the Register, Room B9, UMIST PO Box 88, Marchester M60 10D, to whom completed forms should be returned by 30 June 1986.

INVESTMENT MANAGEMENT

Refuge Assurance requires an Investment Assistant to join its small team based in London managing funds in excess of £1.5 bn.

The successful candidate will have a relevant degree or professional qualification, and probably be aged 21-24. A competitive salary will be paid.

Applicants should write to John Cudworth, Refuge Assurance PLC, 68 Pall Mail, London SW1Y 5EX.

Gilts · Financial Futures Options · Swaps · Warrants £15,000-£100,000

A number of our longstanding clients, major City 'names', currently seek highly motivated individuals with Sales, Trading or Market Making backgrounds to set up or complement teams — mainly in Loodon but also in Tokyo.

We invite approaches from teams or individuals. Whether you are actively looking or simply wish to be kept informed please contact Simon Kennedy or Clare Kearns who will treat all enquiries in

Kennedy Stephens

Financial Markets Search and Selection 44 Carter Lane, London EC4V 5BX 01-236 7307 Representative Associates New York & Tokyo

ASSISTANT EDITOR

Euromoney Corporate Finance, the moothly magazine on international financial techniques, requires an assistant editor. Applicants should be experienced in all aspects of magazine editonal. Send cv to Christopher Brown, Euromoney Publications, Nestor House, Playhouse Yard, London EC4V 5EX.

Financial Controller

Buckinghamshire

c. £ 27,500 + substantial benefits.

Volvo Concessionaires, a subsidiary of Lex Service PLC, is the highly successful importer of Volvo cars and parts into the UK, with a turnover in excess of £300 million.

As a result of internal promotion the Company now seeks a Financial Controller to head up its finance function and play a key role in the future development of the franchise

Assisted by a staff of thirty five, the responsibilities of the position encompass financial planning, profit and resource forecasting, together with accounting and margin control. As a senior manager in the Company. the Financial Controller will also contribute to the implementation of the Company's plans through a team process.

The ideal condidate will be a graduate qualified accountant aged 30–35 with at least 5 years' commercial experience. He or she will need to demonstrate high commercial awareness and the ability to communicate effectively with line management. Man-management skills and a sound understanding of computers are also requirements for

The remuneration package is excellent and incorporates a prestige Company car, subsidised lease car and non-contributory pension and personal accident schemes. Relocation assistance is available where appropriate.

In the first instance send a brief CV to Carrie Andrews at Macmillon Davies, Kingsbourne House, 229 High Holborn, London WC1V 7DA. Telephone D1-242-6633.



EXECUTIVE

BANKING

Our client, a major European bank, has retained Drake Executive to assist in the strengthening of their capital markets division with the following two people:

CAPITAL MARKETS SETTLEMENTS MANAGER

A proven track record and experience in current market products? Instrumental in the training, motivation, and development of staff? The ability to adapt to a rapidly changing business environment? These are all very necessary requirements.

REF: 109

EQUITIES
As with the above, experience is essential in this role and duties will include coding of tokets, se confirmations and queries. Both positions carry an excellent benefits package and good career prospects. Please contact in the stricted confidence NIGEL HAWORTH on 01-621 0495.

ACCOUNTANCY

FINANCIAL ANALYST

World leader of top brand name seeks self-motivated, qualified accountant to report to their Marketing
Financial Manager. Responsibilities include evaluating market performance, preparing financial plans and
servicing information needs of senior management. Preferably with 2 years commercial experience, you
will need excellent communication skills.

REF: F/5 PROJECT ACCOUNTANT

PROJECT ACCOUNTANT

Career opportunity for a young qualified accountant in International Electronics Co. Reporting to the Management Accountant with responsibility for two major divisions, you will use your drive, flair and commitment to control existing and develop new projects in this exciting and expanding field, Minimum of two years expenence and lamiliarity with spreadsheets to essential.

FIEF: F/8

INTERNATIONAL

ALIDIT SENIORS & CHARTERED ACCOUNTANT (ACCOUNTING SERVICES). New Zealand For top practices in Auckland and Wellington.

Wide scope of responsibility and involvement plus opportunity for development and training within modern highly successful organisations. Sound experience within an innovative Practice is essential for both areas. Candidates, under 40 yrs should be ACA or FCA and be prepared to integrate completely into the New Zealand community.

REP: GT/Z6926 Augurous

Augurous

Brussels c20K

First step towards line management. This High-Tech International Co. requires two graduated CAs to join their dynamic audit team. Basad in Brussels, with extensive European travel commitments, you will need to be fluent in both French and German and have a minimum of 3 years post qualification experience.

Demanding position with real prospects.

The People People THE DRAKE INTERNATIONAL GROUP

IRELAND

APPLICATIONS ARE INVITED FOR THE POSITION OF

assistant secretary

DEPARTMENT OF FINANCE

The post is one of two posts at this level in the Economic Section of the Budget and Pranning Division of the Department of Finance. The appointee will have senior responsibility (under the Head of the Budget and Planning Division of Irish economy, macro- and micro-economic research and the assessment of macro-economic effects of the Department) for the preparation of short-term and medium-term macro-economic forecasts of the specific porposed policy changes, preparation of medium-term national economic and social plans, and incomes policy.

and social plans, and incomes policy.

The successful applicant must heve:

* A first or second class horiours degree in economics, or equivalent:

* A first or second class horiours degree in economic fleeny and policy at postgraduate or equivalent level:

* A detailed knowledge of quantitative economic techniquest.

* Work experience at responsable levels in economic and/or related areas:

* The ability to quantity and to assess current and prospective developments in the international and domestic economies and to formulate policy. Salary will be in the range: IRC24,744-IRC27,641 Latest date for receipt of completed application forms: 12 June 1986.

Application forms and full particulars are available from:
THE SECRETARY, CIVIL SERVICE COMMISSION, 1 LOWER GRAND CANAL STREET, DUBLIN 2

PRODUCT DEVELOPMENT MANAGER.

CIRCA £30,000 + CAR

the Fidelity Group has increased assets under man-In twelve years lagement from £3 billion to £30 billion. The quality and consistency of this growth has made the Group one of the most respected and largest investment organisations in the world with offices in all of the major financial capitals.

This sustained expansion has resulted in Fidelity International now requiring a Product Development Manager

to join their marketing team in the City. This is a key position asyour responsibilities will be primarily to identify and deve-lop new opportunities within the Unit Trust market with particular emphasis in the UK, Europe and the Far East.

The successful candidate with the qualities needed to fulfil this demanding role, involving some international travel, will be a graduate aged between 25 and 35. You should also possess a progressive and highly creative approach to the financial world, and you will probably be working in the Financial Services Sector with a bank or building society, or possibly with a law or accountancy firm.

total remuneration will be commensurate with the importance and seniority that the company attaches to this position, and will include a significant salary, generous bonus, non-contributory pension, free life assurance, orivate health scheme and car.

The long term career opportunities are excellent and an Associate Directorship with equity share should be achievable in two years.

Applications, including full c.v. should be addressed to Margaret Barshamat The Corporate Consulting Group, 24 Buckingham Gate, London SW1E 6LB.

BERMUDA-BOSTON-HONG KONG-JERSEY-LONDON-NEW YORK-SAN FRANCISCO-SYDNEY-TOK TO



Switch to Japanese Equity Research

A major International Securities House with a leading position in the Japanese Market seeks an able young analyst from a stockbroker or an institution to complement their expanding research team in London.

The position will involve close contact with analysts in Tokyo, visiting Japan regularly and liaising with the London based salesmen. This is an excellent opportunity to switch to an exciting growth market. Salary will not be a limiting factor for the right individual and long term career prospects are

Please contact Emma Weir who will treat all enquiries in confidence.

Stephens Associates ent Search & Selection Consultar 44 Carter Lane, London EC4V 58X, 01-236 7307 Representative Associates New York & Tokyo

- Jonathan Wren

CORPORATE INFORMATION MANAGER £ negotiable

Our client, an international credit rating agency, is staffing its new London office which will represent the company in both Europe and the Middle East.

An important factor in the smooth running of this operation will be the recruitment of a tri-lingual An important factor in the shoot ratining of this operation will be the recruitment of a trilingual individual (English, French and German). The incumbent will be capable of responding to enquiries from investors on all securities rated by the agency, distribute press releases to the Euro-media, and provide liaison with analysts in New York. Background should include customer services.

Applicants aged 25 to 35 years, will possess an outgoing personality and an active interest in international finance and securities to provide in-depth information with tact and diplomacy. Contact Richard Meredith.

All applications will be treated in strict confidence.

SYDNEY

HONG KONG Recruitment Consultants

170 Bishopsgate, London EC2M 4LX. Tel: 01-623 1266

MANAGING DIRECTOR

West London

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• You are the true entrepreneur - motivated by profit and preferring to be You are not necessarily an accountant but you understand what constitutes real

• You are not nacessarily a salesman but you perform most effectively in a

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Your challenge is to develop a whole new activity for a profitable, dynamic plc within the communications equipment industry. With blue-chip clients, an existing framework and a prestigious name, you will employ your flair to add another successful Division to the group.

If you are looking for security, this may not be the role for you. But if you are a risk-taker you will be well rewarded with a ganerous basic salary, a performance related bonus, a company car, and, in the medium term, en appointment to the Board. Write briefly or telephone Nicolas Mabin, Regional Manager, quoting reference: CG0172.

This inh is open to men and woman. This job is open to men and women.



Management Personnel

10 Finsbury Square, London EC2A 1AD. Telephone: 01-256 5041 (out of hours: (out of hours: 01-809 2783)

LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY Department of Management Studies

LECTURER IN LAW AND PRACTICE OF BANKING

pplications are invited for the above tablished post. The primary responsible will be to lecture to the underward table. catablished gost. The primary responsibility will be to lecture to the undergraduate course to Banking and Finance, although the appointee will be expected to carry out a vigorous research programme. The appointee will also be an Astociate Member of the Loughborough Banking Centre, a post-experience teaching and research centre established jointly with the December of the Committee.

Applicants should possess a relevant degree and/or professional qualification and hanking experience. Initial salary will be in the lower half of the Lecturer's scale. £8.020 — £15,700 (under review from 1st April, 1986).

Further details and application form from Paul Johnson, Establishment Offi-cer, quoting ref: 86/21MS. Applicants may telephone Professor Geoffrey Gregory (0509) 263171, ext. 450; for informal discussion

Treasury Planning Manager Neg. to £28,000

Our client, an established and rapidly expanding UK bank, requires a Treasury Planning Manager to develop

further its treasury activities. Reporting to the Treasurer, and with the support of a small, high quality team, the successful candidate will be responsible for economic analysis, forecasting and advice on city markets; the development of balance sheet strategies and new products; bank and public sector credit, and country risk analysis.

Applicants, who will have a related degree and/or professional qualification, should have relevant treasury experience, ideally gained in a bank or investment institution, and must have the personal qualities and skills to make a major contribution to the direction and effectiveness of the treasury operations. Career prospects are

Candidates interested in this challenging role should contact Fiona Cullins on 01-404 5751 or write to her, enclosing a CV, at 39-41 Parker Street, London WC2B 5LH, quoting reference 363S.



Michael Page City

International Recruitment Consultants-London Brussels New York Sydney A member of the Addison Page PLC group

Gilt-Edged and **Fixed Interest Sales**

Our client, acknowledged as one of the leading London securities houses, wishes to recruit experienced individuals to further strengthen the gilt-edged and fixed interest sales teams for its primary dealership.

Candidates will be aged between 23 and 28 years and will have 2-3 years' experience of selling gilt or fixed interest stocks to UK and international clients.

A high performance is required and to attract and reward persons with the necessary skills an extremely competitive salary with bonus scheme and other fringe benefits are offered.

Please apply in absolute confidence to J.F.T. Baines, Marlar International Ltd., City Office, 12 Well Court, London EC4M 9DN. Tel: 01-248 9614. Executive Search Consultants.

London Based

Excellent remuneration

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Our client, an autonomous subsidiary of a significant multi-million pound organisation, is one of the City's leading Investment Banks. The company has enjoyed consistent growth during the past few years and projections for the future are impressive to say the least.

The Money Market Trader function forms an integral part of our client's business and therefore performance is of key importance. They now wish to appoint an experienced Money Market Trader whose career to date can

demonstrate above average performance. The successful candidate will be rimarily involved in CD, Bill and Deposit trading but will, in addition, be

expected to make a major contribution to the already established trading team. This key post carries an exceptional remuneration package together with comprehensive benefits and significant

future prospects. Candidates should apply, in strict confidence, listing any companies to whom applications should not be forwarded, to: JPW Recruitment Advertising Ltd., Ludgate House, 107-111 Fleet Street, London EC4 2AB. A Leading Arab International Bank requires an

EXECUTIVE MANAGER

as Head of its Private Banking Division

Age Range: Qualifications:

Good degree, possibly MBA

Previous Experience: Several years experience in personal banking, investment services and securities Previous employment should include

work with or exposure to major U.S. and/or European Banks International experience with special emphasis on exposure to Middle East customers

Familiarity with a strong marketing orientated business environment Possibly some time as a member of a "high net worth" banking division

Personal Characteristics: Mature, capable individual able to maintain the credibility of the func-and work effectively with top management of the Bank Dynamic and motivated person with excellent communication skills

(total fluency in Arabic is a must), personal presence and integrity At the Bank's Head Office

Location: Compensation Package:

Attractive and according to qualifications

Send your C.V. to: Box A0156, Financial Times 10 Connon Street, London EC4P 48Y

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Financial Management

Home Counties

c.£18,000-£22,000 Plus car + benefits

Our client is Northern Telecom, the global leader in the design, manufacture and distribution of fully digital telecommunications systems and integrated office systems.

Currently their UK and European operations are undergoing a major development and expansion programme.

The Company now wish to strengthen their financial function by recruiting two graduate qualified accountants/MBA's to assume management positions in Policy, Planning and Financial Control.

These positions will offer the successful candidates unique opportunities for developing their careers either in the United Kingdom, Europe or North America. Previous experience gained within a large/multi-national company is essential. Interested applicants should write, enclosing a full CV and quoting reference number 11/133 to:-



173 SLOANE STREET LONDON SW1X 9QG

Senior Dealer **Investment Managers** £30,000 to £50,000

Our client is a highly regarded investment management group with over £2 billion in the UK equity market. They seek an experienced dealer to take up an important new position.

Probably aged 28 to 45, candidates should have sound experience of dealing in UK equities, ideally gained within stockbroking. Initiative, flair and management potential are essential qualities.

The position will involve working closely with senior management in formulating strategy, liaising with fund managers on day to day dealing and taking over responsibility for block trading. It is envisaged that this challenging appointment should appeal to a self motivated individual who now seeks the scope to play a key role in the development of dealing activities for a well-known City company.

Please contact Anthony Innes or Fiona Stephens who will treat all

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Interesting Opportunity in an Exciting and Demanding Environment

Citicorp Investment Bank Limited is establishing a trading and sales desk in Domestic and Euro Australian and New Zealand dollar denominated securities in

As a member of a highly professional team based in London you will work closely with the securities teams in Australia and New Zealand. Ideally you will have a general sales or trading background, preferably with 3 to 5 years' dealing experience. Familiarity with Australesian markets is not essential but would be advantageous.

This is an excellent opportunity to join a successful, expanding unit and an attractive compensation package will be offered to the successful candidate.

Please write with personal and career details to: Miss Hanneke C. Frese, Senior-Personnel Officer, Citicorp Investment Bank Limited, 335 Strand, London WCZR ILS.

CITICORP



MURRAY JOHNSTONE LIMITED

Pension Fund Marketing

Murray Johnstone is one of the largest independent fund management groups in the UK with an excellent investment performance record.

Due to our current success, we require an additional pension-fund marketing executive to help support the promotion of our services to prospective clients through professional

We are looking for someone with sufficient knowledge and experience of investment management, maturity and communication skills to represent Murray Johnstone effectively to a knowledgeable and sophisticated audience.

It is envisaged that the successful candidate will spend an initial period becoming familiar with Murray Johnstone's approach to investment. It is essential that candidates can operate successfully as part of a team.

The appointment will be based in Glasgow but entails considerable travel within the UK. An attractive remuneration package will be negotiable for the right candidate.

Please write in confidence enclosing a full c.v. to: J.R. Johnstone Esq., Managing Director, Murray Johnstone Limited, 163 Hope Street, Glasgow G2 2UH.

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A major London Commodity Trading House requires a Vegetable Oil Trader. The experienced applicant will have a proven track record in this field. He will be able to contribute positively to a successful

An attractive salary package with usual benefits in the will be made available to the successful

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Fast growing, successful and independent managing agency wish to appoint an assistant to the investment Manager who will be involved in all aspects of the investment administration of institutional portfolios and Private Client funds. The ideal candidate will have a degree or good educational background preferably aged 21-28 with several years' experience in a similar capacity. This position offers good career prospects in the insurance industry with particular emphasis on the Lloyds Market.

Please send full CV together with details of current remuneration in confidence to:

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In order to facilitate a proper interview process with the local directors of these centres, in addition to Mr Blows, candidates are notified that interviews will not take place before mid-June.

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£35,000 + BENEFITS

TOWERS, PERRIN, FORSTER & CROSBY, the expanding firm of International Actuarial Consultants and a major employer of Actuaries throughout the world, is seeking Senior Actuarial Consultants for its U.K. operations. Candidates, likely to be aged 30-40, should be qualified Actuaries with at least seven years experience in all aspects of the design and control of pension/employee benefits plans. A practical knowledge of sophisticated computer applications and a language in addition to English would be an advantage. The ability to communicate in a clear, concise manner, together with commitment, energy and enthusiasm are considered essential qualities. The remuneration package will be attractive to those currently earning a minimum of £35,000. Applications, in strict confidence to: Mr Alastair McLean, FIA, ASA, Vice President, Towers, Perrin, Forster & Crosby, 110 Jermyn Street, LONDON SW1Y 6HB.

A challenging appointment, scope to advance to the main board within 3-5 years

FINANCE DIRECTOR

LIVERPOOL

£24,000-£32,000 + CAR

BIBBY LINE LTD - EXPANDING IN SHIPPING, OIL, TRANSPORTATION AND FINANCIAL SERVICES This appointment is in Bibby Line Ltd, which is the Managing Company of Bibby Line, and calls for accountants (C.A. or A.C.A.) aged 35-45 who have acquired at least 7 years practical industrial or commercial accounting experience and not less than 2 years heading the financial operation of a company whose turnover exceeds £10 million. The successful appointee will be responsible for the total finance function and will cover, through a small team, the treasury function, bank relationships, syndicated loans, mergers and acquisitions etc. The major bulk of work will centre initially on management information and new projects. A high level of commercial acumen and the ability to make a significant contribution to the company's continued development is important. Initial salary negotiable £24,000–£32,000, car, contributory pension, free life assurance, free family PPP, assistance with relocation expenses if necessary. Applications in strict confidence under reference FD109/FT to the Managing Director: ALPS.

Opportunity to set up training function from scratch - prospects exist to reach the Board.



TRAINING OFFICER

CITY

£18,000-£25,000 + BONUS + MORTGAGE SUBSIDY

MAJOR INTERNATIONAL MERCHANT BANK

Applications are invited from candidates, aged 30-45, who have acquired not less than 7 years practical training experience, preferably in the financial services field or allied area, and at least 2 years actually running courses. Responsibilities will cover the implementation, co-ordination and planning of the Bank's training world-wide, involving establishing general induction courses and programmes for graduates and specialists in specific areas. Courses will take place both in-house and externally, using both internal personnel and external consultants. The ability to advise and guide senior management on meeting and achieving their staff training. requirements is important. A lucid and positive approach plus the ability to set priorities is key to the success of this appointment. Initial salary negotiable, £18,000 - £25,000 + bonus, mortgage subsidy, non-contributory pension, free life assurance, free family medical cover, assistance with removal expenses if necessary. Applications in strict confidence under reference TO4422/FT, to the Managing Director: CJA.

35 NEW MICHAEL STREET, LANSON ECOM THIL TELEPHONE: 01-500 3500 or 01-500 3570, TELEX: 007374. FAX NO: 01-256 0501.

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Louise Hunter 01-248 4864

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Junior Investment Manager

Foreign & Colonial Management Limited is an independent investment company managing over £1,500 million on behalf of investment trusts, unit trusts, pension funds, charities and private clients. Our continuing growth calls for additional strength in our U.K.

investment team. The successful applicant will probably be a graduate, with 1-3 years experience in investment management, aged in the mid-twenties. The position offers a considerable challenge for the right candidate and great potential for career development. It carrries with it a minimum

salary of £15,000 per annum. Please apply in confidence to: Jeremy Tigue, Foreign & Colonial Management Limited, 1 Laurence Pountney Hill, London, EC4R OBA. Tel:

Project Financial and Commercial Manager

c. £40,000 tax-free plus overseas benefits Jeddah

This British owned Group is an established world leader in the planning, implementation and management of healthcare projects of any size or complexity within consistently high international standards.

The Financial and Commercial Manager will report operationally to the local Programme Director and will have the following key responsibilities: to ensure that the company's best commercial interests are served; administration of the contract and all necessary liaison with the client; implementing and maintaining financial controls of the project; ensuring that all correct legal and commercial procedures and obligations are followed as demanded in Saudi Arabia.

Candidates must be qualified accountants with a minimum of twelve years post qualification experience including five at senior management level. Middle East

Tax-free salary as indiciated; full overseas benefits including free accommodation; car; education allowance etc; two year contract.

Please write - in confidence - stating how the requirements are met to Lienel Koppen.

MSL EXECUTIVE SEARCH LIMITED

International Management Consultants 52 Grosvenor Gardens London SW1W 0AW



THE UNITED NATIONS CHILDREN'S FUND With Headquarters in New York and offices throughout the world, working with developing country governments to provide disadvantaged children and their mothers with the basic services they need to survive and develop, seeks

they need to survive and develop, seeks

CHEEF OF FINANCE

(New York Headquarters)

RESPONSIBILITY: To assist the Comptroller in the lormulation of the Organisation's financial policies and financial decision-making. Develop, when necessary, procedures for the overall financial management of UNICEF. Co-ordinete with other Sections and Offices the conduct of overall financial operations. Manage within UNICEF's policies and guidelines the financial transactions of UNICEF, New York Head-quarters.

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Specielised training in banking, including foreign exchenge end international money market. Business edministration with EDP familiarity. Readiness to eccept functional missions to field offices as required. At least 10-12 years practical experience in similer position. Fluency in English. Preference will be given to candidates with a further UN fanguage.

Salary commensurate with qualifications end experience. Excellent benefits packaga. Qualified women are encouraged to epply.

Send detailed resumé to:

Micheel K. Corbett (Ref. VN-781), Chief, Recruitment & Staff Development Section

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Global Electronic Markets Company (GEMCO), a partnership of McGraw-Hill and Citibank, has a vacancy for a European Sales Executive based in London or Hamburg. This individual will join a successful team to assist in marketing the GEMCO electronic commodities trading system in Europe. Applicant must have sales and commodities markets experience. The primary requirements for the job are a good understanding of English, enterprise in seeking out, establishing, and developing potential customers, and extensive international travel.

Salary starts at \$40,000 with the opportunity to earn sales commissions in excess of that amount. Application in English to Mr. Brenton W. Harries, President and CEO, Global Electronic Markets Company, 437 Madison Avenue, 32nd Floor, New York. New York 10022, USA, Telephone: 212-593-1414, Telex: 420323 GEMCO UI.

RECRUITMENT **CONSULTANT**

We are a well established consultancy, specialising in recruitment and search in Capital Markets, Treasury and Foreign Exchange, Stockbroking and Fund Management, both in London and overseas. Our client base is well established, comprising Merchant and International Banks, Stockbrokers, Fund Management Companies and Pension Funds.

We are seeking an additional consultant who will:-

· either complement one of our existing areas of recruitment, or alternatively an established consultant in a different discipline, but whose recruitment activities are in the City/Financial Services sector.

The ideal candidate will have a minimum of two years consultancy experience, and be looking for the opportunity to enhance their career by moving to a highly professional and expanding consultancy. The salary package will be negotiable according to the individual appointed.

Applications should be sent in confidence to:-

Roger Parker Organisation

65, London Wall London EC2 5TU 01-588 2580

Financial Controller **Director Designate**

> Hampshire c.\$27,000, Car, Benefits This British company is an international market leader in the development and manufacture of alectronic inspection, measurement and protection equipment. Due to organic growth they intend to appoint an exceptional individual who can assume full appoint an exceptional individual who can assume full responsibility for the strategic direction and control of the company's financial affairs. An emphasia on management accounts, consolidation of overseas subsidiaries, together with all aspects of producing yearly accounts is required. The position offers a Directorship on the main board within 18 months. Candidates aged 30-40 with a background in manufacturing should be FCA with proven financial management techniques and be able to offer a high level of commitment and self motivation. Onto the right content and research and research for the right

Mala or female candidates should submit in confidence a comprehansive C.V. or telephone for a Personal History Form to P.E. Werth, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, WIR 9WB, 01-734 6852, quoting Ref:49010/FT.

career prospects and rewards can be expected for tha right

The British Investment Trust PLC PORTFOLIO MANAGEMENT

British Investment Trust, the Edinburgh-based general Investment Trust which will shortly be receiving substantial additional funds to manage, seeks additional Portfolio

PORTFOLIO MANAGER

This post demands proven expertise in the management of portfolios, preferably but not exclusively in the U.K. market. This experience will have been gained in an investment Trust, Unit Trust or similar financial environment. Education to degree and/or professional qualification level is desirable but not essential.

A realistically attractive level of remuneration is envisaged and will include performance related bonuses, a company car and contributory pension scheme.

SENIOR INVESTMENT ANALYST

This post demands expertise based on several years successful experience as an analyst of investment situations. performance, to a more senior role.

Please telephone or send. In confidence, full C.V. to:— Michael Hadgson,

The British Investment Trust PLC., 46 Castle Street, EDINBURGH EH2 3BR. 031-225 2348.

GRACE OPERATIONAL AUDIT

Age 25/32

PARIS base

FF220.000 +

We are a US international company with interests in chemicals, natural resources and consumer services with net revenues of \$7 billion. We are looking for an Audit Senior to join our small selected international audit staff conducting mainty operational audits in Europe, S. America and

The ideal applicant should be a fully qualified accountant or business school graduate, have post qualification experience with major audit firm, possess the ability to communicate well at all levels, be fluent in English and have good knowledge of at least one European language. Single persons

are preferred in view of the 75% travel content, with weekend return to base when in Europe. Please write with a comprehensive CV to: W. R. GRACE (FRANCE) S.A. 20, rue de la Ville l'Evéque, 75008 PARIS, FRANCE.

Senior Foreign **Exchange Dealer** Frankfurt - West Germany

SECURITY PACIFIC is a leading US International Bank with assets of over 38 billion dollars and nearly 700 branches

In line with the major expansion of our global capital markets and treasury activities package. we shall expand our European Foreign Exchange activity and seek a further Senior Dealer for our Frankfurt Office.

The ideal candidate should have several

years experience in the dealing room of a bank active in the Foreign Exchange arbitrage markets and, although German is not essential, it would be desirable. At an early stage, the selected applicant will have the opportunity to

manage independently a section within our dealing operation.

In order to attract the best dealing talent we offer a very competitive and specially tailored remuneration and benefits For further information please call:

Elly Friedrich in Frankfurt (69) - 7156202 or after business hours: Klaus Rosskopf in Frankfurt (69) - 422472or write to us at

Ulmenstrasse 30, 6000 Frankfurt, West Germany.



Accountancy Appointments

Young ACAs

highly visible career stepping stone

London

Highly prestigious and highly respected, our client is one of the largest financial groups. It offers excellent coportunities to ambitious Chartered Accountants aged mid/late 20s to make the transition from the Profession to

You will join a high profile team undertaking operational reviews and appraisals of the group's activities, controls and information systems — a wide ranging brief which provides a thorough insight into the many facets of the group's business.

Lloyd Management

financial control.

£18-25,000 + mortgage etc

opportunities. These are development positions enabling you

skills in a highly computerised environment and, working with management at all levels, make a recognisable contribution to

Please write with full career details

or telephone David Tod BSc FCA

quoting reference D/363/MF.

to enhance and demonstrate analytical and communication

The scale and diversity of its traditional and developing

businesses provide stimulating career progression

Appointments Advertising

£41 per Single Column Centimetre and £12 per line Premium positions will be charged £49 per Single

> For further information call:

Column Centimetre

Louise Hunter 01-248 4864 Jane Liversidge 01-248 5205 Daniel Berry 01-248 4782

TAX AND FINANCIAL SERVICES MANAGER

INTERNATIONAL BANKING

c.£35,000

Our client is one of the largest London based banking corporations with worldwide operations. They now wish to recruit a manager for their small, high profile technical unit, which forms part of the International Division's Special Financial Services section based in the

Heading up a small team of experts in financial, legal and O.R. matters, the main thrust will be to provide tax and financial advice across the whole spectrum of banking services available to their major corporate clients worldwide. These services would include areas such as international leasing, the use of tax losses, group restructuring, off-shore financing, and the repatriation of

overseas profits, coupled with a strong emphasis on helping to devise and market innovative schemes and new products, requiring close liaison with tax, legal and accounting specialists worldwide.

Candidates, who should be graduate FCA's in their 30's, must have an impeccable professional background and a wide range of expenence and vision in UK and international tax matters. A minimum three year contract will be offered plus car.

Please write, in confidence, with full details of your experience, quoting reference 3506/2, or telephone 01-236 8000 (Ext. 3549). to John W. Hills, Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD 35 New Broad Street, London EC2M 1NH Tel: 01-588 3576 Telex 887374

A challenging appointment, scope to advance to the main board within 3-5 years

FINANCE DIRECTOR

LIVERPOOL

£24,000-£32,000 + CAR BIBBY LINE LTD - EXPANDING IN SHIPPING, OIL, TRANSPORTATION AND FINANCIAL SERVICES

CHIEF

This appointment is in Bibby Line Ltd, which is the Managing Company of Bibby Line, and calls for accountants (C.A. or A.C.A.) aged 35-45 who have acquired at least 7 years practical industrial or commercial accounting experience and not less than 2 years heading the financial operation of a company whose turnover exceeds £10 million. The successful appointee will be responsible for the total finance function and will cover, through a small team, the treasury function, bank relationships, syndicated loans, mergers and acquisitions etc. The major bulk of work will centre initially on management information and new projects. A high level of commercial acumen and the ability to make a significant contribution to the company's continued development is important. Initial salary negotiable £24,000-£32,000, car, contributory pension, free life assurance, free family PPP, assistance with relocation expenses if necessary. Applications in strict confidence under reference FD109/FT to the Managing Director:

DRICY & LEGAL PROFESSIONS SELECTION LIMITED, 35 NEW WINDAY STREET, LONDON ECOM SWIL TELEPHONE: 81-508 9504 or 81-500 3676, YELEX; 807974, FAX NO; 01-256 9501.

UK Manager

for New Zealand Investment Group c£30,000-50,000 London

A significant New Zealand Investment Group with wide ranging interests in equity investment, manufacturing, trading and commercial property development is shortly to commence operations in the UK. This is a new position aimed at representing and developing the interests of the company in the United Kingdom

A background in the financial intermediary sector, property development or similar investment/entrepreneurial activity, is necessary.

The income and benefits package is unlikely to prove a barrier and will be designed to meet individual needs. As the Managing Director will be in London during Juna 1986, applications setting out personal and career details should be forwarded immediately to Paul Carvosso at Macmillan Davies Recruitment Consultants, Kingsbourne House, 229 High Holborn London WC1V 7DA or telephone him on 01-242 6633.





Planned Maintenance Accountant onsultancy (FINANCIAL DIRECTOR DESIGNATE)

PLANNED MAINTENANCE with a £12 million tumover, is the country's largest independent mechanical and electrical maintenance company, and is recognised

Due to continued growth and the need for greater management information, it has been decided to appoint a Chief Accountant. Based at the group Head Office in South West London, the successful applicant will work closely with the board and divisional management, in the production of regular forecasts and reports and the development and implementation of new management information systems.

The role will suit a young dynamic accountant with previous commercial experience, who wishes to develop his/her skills in a progressiva and profitable

An excellent remuneration package is offered including a company car. But more importantly, this position offers the opportunity to work in a professional and

For further information please contact **Darrell Smith**, consultant to the organisation for this assignment on **(01) 831 2288** day or **(01) 444 3559** (evenings & weekends) or write in strictest confidence to:

Gabriel Duffy Consultancy, Financial Search and Selection. 31 Southampton Row, London WC1B 5HJ.

FINANCIAL CONTROLLER - SECURITIES

CITY

TO £23,000

+CAR

+ BENEFITS

Harvard Securities Group Pic is the largest Licensed Dealer in OTC and market stocks with an outstanding This new appointment, reporting to the Finance Director, will appeal to a qualified Accountant (age range

25-321 with at least 2 years post-qualification experience in the securities industry plus a strong computer Controlling 10+ staff with responsibility for management accounting and financial reporting to the Board,

a key task will be to implement internal control involving a computer-based accounting system. The company's continued explosive growth will ensure increased responsibilities and rewards in a short time frame. A sound accounting and audit understanding coupled with a practical approach to immaging and delegating responsibility are required for a fast moving organisation.

Please send your CV explaining why you meet the above specification to Martin Steele, Steele-Dixon & Associates, 2 Station Road, Abingdon, Oxon OX14 3LD. Tel: 0235 24441.

Hemel Hempstead c.£18,000 + car

A British subsidiary of a European holding company manufactures and imports specialist furniture which it markets UK-wide.

Rapid growth calls for the appointment of a flexible and self-motivated Financial Controller to play a vital role in the planning of the company's ongoing profitable development.

Reporting to the Managing Director and a member of a small closely-knit senior management team, you will be responsible for all financial and management accounting functions... setting budgets, reviewing results against forecasts, and evaluating budgets, reviewing results against forecasts, and evaluating new business projects. The development of computerised

systems is an important task.

This is a role for a strategist. It calls for an ambitious qualified accountant with well-developed business accumen and commercial flair who responds well to pressure. Please send full cv which will be forwarded to our client

unopened. (Address to our Security Manager if listing com-panies to which it should not be sent.) Ref: R2108/FT. PA Advertising

Hyde Park House, 60s Knightsbridge, London SWIX 7LE. Tel: 01-235 6060 Telez: 27874

Trunsen Miles Controllership

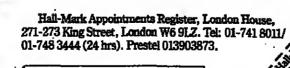
prospects £17,000 + Car skil PLC in SW1 offers a young accountant this high crofile role oment to controllership.

Louise Hunter 01-248 4864 Jane Liversidge 01-248 5205 Daniel Berry 01-248 4782

Appointments Advertising

IF YOU'RE NOT ON THE REGISTER YOU ARE M G SOMETHING

Hall-Mark is the only appointments register which specialises solely in Accountants and Financial Managers. We have a constant demand from our clients throughout the U.K. - some of them the best known names in the country for young, talented, ambitious accountants. But they seldom advertise their vacancies so if you are not registered you don't get the chance to meet them. Don't miss out. All you have to do is complete and return the coupon now,



HALLMARK

Market leaders in management consultancy seek to recruit ACMA or CIPFA qualified accountants to service diverse chient portrollos. Candidates should be aged 27-35, have good degrees, wide-ranging sharp-end commercial experience, strong personality, analytical ability and be proficient in computer services development and implementation. Candidates with health sector CONSULTANTS to £33,000+Bfts s development and implementation nce are particularly invited to apply. A leading professional firm seeks a national computer audit manager to be responsible for the organisation of the service nationally in respect of staffing, quality standards and consultancy advice to clients. A candidate with ability and presence is fixely to make rapid progress to partnership within a stimulating and demanding environment.

Ref: DES. COMPUTER AUDIT to £30,000+Car Fast moving trading company an autonomous subsidiary of a well-known multinational, seeks to strengthen its general management team by the appointment of a qualified accountant aged 25-32. Candidates should have proven fine, computer and commercial skills and be capable of warranting a directorship within the medium-term.

Ref: MJH. FINANCIAL CONTROLLER to £20,000+Car E. London An exciting opportunity within a marketing-orientated environment for young accountancy professionals with around two years post qualification experience. Interest in the design and implementation of management information systems, preferably within the FM.C.G. field, is essential as is the tenacity and ambition to succeed in a progressive world-vide organisation.

Pol. C.W. DIVISIONAL ACCOUNTANT to £20,000+Car High calibre graduate ACA sought by prestigious stockbroking subsidiary of a major investment house. Reporting to the Financial Controller this challenging now role will encompass all areas of reporting to board level pits systems development and management of line accountants. Superb career move for young ambitious candidate with sector exposure either direct or from the parties of the parties. INVESTMENT SECTOR c£20,000+Bfts This major group with a presence in over twenty countries is seeking a young graduate accountant for one of its thriving divisions. The successful candidate will be responsible for group consolidations and the preparation of financial data using IBM pc s. An excellent track record with US accounting experience desirable for a rewarding career path.

Ref: GGS. FINANCIAL ANALYST c£17,000+Bfts

HUDSON SHRIBMAN THE COMPLETE FINANCIAL SELECTION SERVICE

Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

FINANCIAL DIRECTOR £20,000 + CAR

United Automobile Services is a large and successful operating subsidiary of the National Bus Company, with head office at Darlington and is expecting to move into the private sector shortly, with an opportunity for a management The company is reshaping to ensure a substantial market share of bus

operations in the north-east of England, and with some 400 buses and coaches will operate local bus services, mainly in the counties of Durham, Cleveland and North Yorkshire, and have coach operations nationwide. The need is for a qualified and imaginative executive, with commercial awareness and several years experience which should include the use of

computerised systems, to exercise effective financial control of a company with an annual turnover approaching £25m. You will be responsible for financial advice and information to the Board of the company, budgeting, costing and financial appraisals, and be controller of the management and statutory accounting functions; you will additionally

undertake the formal duties of a Company Secretary and it is intended that the appointee will quickly prove suitable to join the Board of Directors. The commencing salary will be in the order of £20,000 pa and the package includes a company car and pension scheme membership. Re-location

assistance will be given where appropriate. Applications should be submitted under private and confidential cover to MrS Senior, Managing Director, United Automobile Services Limited,

Grange Road, Darlington, County Durham DL1 5NL giving particulars of age, education, qualifications, family (number of children and ages), and a summary, in chronological order, of work experience, including particulars of past and present appointments, and current salary.

* Thatsday

430

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Accountancy Appointments

INSTITUTIONAL EQUITY **SALES**

UP TO £30,000 + PERFORMANCE BONUS

The company is a UK subsidiary of a major Stockbroker and is currently undertaking a substantial expansion in the UK market. They have particular expertise in the natural resources sector, and are now further developing their strengths in other sectors.

Working with a highly professional team of salespeople, you will be given considerable autonomy to expand and develop your own particular area. The company philosophy is very much that of the "entrepreneurial broker" and good selling skills are an essential prerequisite to the position.

You should be aged 25-30, have a sound academic background, good analytical skills and

perhaps 1-3 years experience within a broking environment. This could be an ideal first move for an ambitious analyst, or a junior commodity/ equity broker who wishes to move into a dynamic organisation. The successful candidate will be given comprehensive training (if required)

including a twelve month posting abroad. Interested candidates should contact Sarah Beaumont on 01-629 8070 or send a detailed curriculum vitae (quoting Ref. L.129) to her at Slade Consulting Group (UK) Limited; Metro House, 58 St. James's Street, London SW1A 1LD. All applications will be treated in strictest confidence.

London · Melbourne · Sydney · Brisbane · Adelaide · Perth · Auckland · Christchurch

SLADE CONSULTING GROUP (UK)

Deputy Chief Accountant

International Bank c£35,000 plus benefits

A major international bank, our client has a consistent growth record both internationally and in the London Branch for which we are recruiting. The bank now wishes to restructure the accounting function through the appointment of a Deputy Chief Accountant. Reporting to the Chief Accountant, the successful candidate will assume responsibility for the London Branch's reporting and control process. Key tasks will include the regular review and development of monthly reporting, management accounting and budgeting.

Candidates should be qualified

accountants, aged between 28 and 40 and will have gained relevant. experience in either a financial institution or an international accounting firm. Equally important in this role are personal qualities of energy, self motivation and the ability to respond quickly to changes in this

highly competitive sector. We are also looking for evidence of achievement in career to date and a high technical standard coupled with flair for this type of role.

This will be a stimulating role in an international environment, offering the ambitious and successful financial

executive scope for further career development.

The remuneration package will be commensurate with experience and qualification but will not prove a bar for the right candidate.

Candidates should write enclosing a full CV with current salary quoting reference MCS/1009 to Michael Madgwick Executive Selection Division Price Waterhouse gement Consultants No. 1 London Bridge London SEL 9QL

Price Waterhouse



Manager Internal Audit

C. London & The World c.£21,000 + car + benefits

Our client, a world leader in high technology, operates in over 60 countries. Turnover, now exceeding £850 million, has more than doubled in the past two years. The challenges offered by such a dynamic organisation are

Internal promotion and continued growth of the department demands the appointment of a well qualified accountant, aged c.30 years, who has substantial audit experience gained in a commercial environment. The world-wide brief involves working with management to maintain high standards of internal controls over the business. Thus, imagination and flair, combined with outstanding professional ability is required.

This is a unique opportunity to exercise your commercial judgement within a successful group on the world stage. Career opportunities within this developing group are outstanding. Relocation expenses are available where

Write with full CV and daytime Tel.No. quoting ref. FT/105 to

The Finance Index Financial Recruitment Consultants 11 Palmer Street London SW1H 0AB Tel: 01-2225169/1181

CHIEF ACCOUNTANT

Hertfordshire

The group, a market leader in the photographic processing industry, requires a

department and be responsible for a large number of staff and for all aspects

Applicants should be qualified accountants with commercial experience and

have sound knowledge of computers. Considerable importance is attached to

The salary of c £22,000 + car includes an annual bonus, around one month's

Please send a comprehensive career resumé, including salary history and day-time telephone number, quoting ref: 2669 to W.L. Tait, Executive Selection

△ Touche Ross

The Business Partners

Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

In response to a demanding and dynamic market, this expanding

In response to a demanding and dynamic market, this expanding company has embarked upon a major investment programme to complement its ongoing and vigorous product development policy. The Financial Controller will play a significant role in the efficiency and resultant profitability of this high tech business, and have particular responsibilities for developing and controlling the management and financial information systems which are computer-based. A qualified accountant, preferably a graduate, aged 28-35, the successful candidate will have a strong appreciation of manufacturing and distribution systems coupled with an ability to influence senior management colleagues on effective business decision making. Creative thinking is a necessary stribute called for

decision making. Creative thinking is a necessary attribute called for in this demanding role. Opportunities for advancement within the multi-million pound group are excellent.

Male or female candidates should submit in confidence a

comprehensive C.V. or telephone for a Personal History Form to

J.R. McGallan, Hoggett Bowers plc, Albany House, Hurst Street, BIRMINGHAM, B5 4BD, 021-622 2961, quoting Ref: 27433/FT.

of the company's accounting and reporting requirements. The accounting

Reporting to the Financial Director you will lead a well established

c£22,000 + Car

c. \$24,000, Bonus, Car

Treasurer/Chief Cashier Oil Industry c. £12,000 p.a.

Jawaby Oii Service has been established by the Libyan Oii and Petrochemical Industry to provide an across the board service to individual

We are now looking for a Treasurer/Chief Cashier to run our cash office function based at our modern prestige offices in the West End.

Your main objective will be to administer, control and report on clients' funds, ensuring that they are used and invested in the most advantageous way. Other duties include responsibility for the day to day running of the cash office with all its reconcliations and recordings in addition to monitoring and recommendations regarding the holding of dollars against sterling with consideration to exchange and interest rates, cash

Age 29+, you should be a part qualified accountant with at least 3 years experience of managing a complete cash function in a multicurrency environment or have a strong banking background and possess an AIB qualification.

We offer excellent conditions of service, along with a first class working environment and a wide range of other bene

Please write with full details of your experience to the Personnel Co-ordinator, Umm Al Jawaby Oil Service Ltd., 33, Cavendish Square, London WIM 9HF.



Financial Director

Basingstoke

c£35,000 + Car

Our client seeks a tough, practical, level headed Financial Director to run a tight ship. The company is involved in commissioning and selling high technology equipment through a nationwide network of branches and sales have grown strongly and currently are c.£10m p.a. Poor profit performance however, has caused the board to be restructured. In order to maintain growth new equity funding has been provided by blue chip institutions. We seek applications from qualified accountants, 35/45, with a strong MIS

background who are proven achievers, capable of working under considerable pressure. A track record which embraces manufacturing would be an advantage. An attractive salary and benefits package will be negotiated. Please contact R. J. Welsh.



Reginald Welsh & Partners Lid ACCOUNTANCE DEXECUTIVE RECEDENTATION SULTANTS.

123 4 Newgate Street London, ECIA 7AA Tei 01 600 8387

Financial Director

CAREER OPPORTUNITY **USM PROSPECTS**

£27K

plus benefits.

Company car,

bonus. share option.

scheme.

Our company is a progressive and fast expanding independent company operating in the fields of communications and publishing. We have won a number of national export awards, having displayed exceptional growth In our first five years, and are on course to seek a USM placement within the next two years. As part of the company's continuing development plan we now wish to appoint a financial director who can play a full and active role in the company's

appoint a mandal director who can play a run and active role in the company's strategic planning and who will be responsible for the entire accounting and management information requirements.

A high degree of commercial flair and first hand knowledge of computer based systems is essential. Other requirements include a strong track record in financial management, proven commercial experience, as well as an understanding of international business.

Candidates will be qualified accountants with first class training, a degree

understanding of international business.

Candidates will be qualified accomtants with first class training, a degree is preferred, and aged between 26-35. This position will appeal to accountants with outstanding ability who wish to use their drive and initiative to the full. It represents a genuine opportunity to contribute to, and be rewarded by success in a dynamic environment. Other rewards include a salary of £27K, a company car, a performance related bonus and a highly attractive share option scheme.

Please apply in confidence, giving comprehensive career, salary and personal details to: The Managing Director, Beacon Publications PLC.

BEACON PUBLICATIONS PLC



Young Chartered Accountants

£40,000 to £50,000 A partnership of arribitious Chartered Accountants with two established offices in Staffordshire, are looking for

additional partners to join them. They require additional partners to join the firm who share their belief that hard work and service to dients will bring expansion and financial reward to the firm. Successful applicants will have a probationary period of employment leading to partnership in one year. No payment for goodwill is required and the working capital is provided by the partners. Applications in writing to: Box Ho: All of which will be advhowledged.

With exceptional ability, required to co-ordinate and control all finencial aspects of leading fashiour menufacturers, shuand is Wi. The right applicant will require experites, dedication and desirs to acceed. A knowledge of the fashion trade and computer operations would be an advantage. Excellent aslery and first class toture await you. Write with full details and CV to: Box A0161, Financial Times 10 Cannon St. London EC4P 48Y

FINANCIAL CONTROLLER/ ADMINISTRATOR

QUALIFIED ACCOUNTANTS £16k plus Car Northolt, Middx.

A well-known International Group in West London, with diverse interests in the U.K. and Europe, are looking for ambitious Accountants in their mid-20's

with Audit experience wishing to develop their careers in Financial Management. Successful candidates will initially join the Group Internal Audit Department which is responsible for providing a service for all the Group's various

Companies on a world-wide basis. Candidates must therefore be prepared to travel. After at least 2 years in this department there will be the opportunity for advancement to Financial Management positions within the Group.

The Group operates a Contributory Pension Plan, Life Assurance and Medical Scheme. Please reply in confidence quoting reference

Norman Rayner Associates Limited,

2 The Nelson Rooms, 68 High Street, Weybridge, Surrey KT13 8BL. Tel: Weybridge (0932) 59482.

NORMAN RAYNER ASSOCIATES LIMITED **Executive Recruitment Consultants**

FINANCIAL DIRECTOR (DESIGNATE)

Reporting to the Managing Director the responsibilities are for all espects of finance, accounts, investment, and currency management, whilst halping to lead an enthusiastic management team. Above all the successful candidate must be able to contribute substantially to the commercial as well as the financial development of the business.

Candidates aged thirty to forty-five must be qualified Accountants with savaral years experience within a commercial environment, involving inter-company and international accounting, group structuring, a working knowledge of D.P. systems, and Company Secretarist work.

An attractive, appropriate remuneration package will be offered including a company car. Excellent future prospects.

If this is the career move for you, apply in writing with full C.V. to T.S. MEIKLE, JOINT MANAGING DIRECTOR, ANABAS, BRIDGE CLOSE, ROMFORD, ESSEX, RM7 OAU.

FINANCIAL CONTROLLER

£25,000 pa plus car, plus benefits

Our client is a well established private company which is a major force in the Motor Industry. Based in the West Country, the company requires a dynamic accountant preferably with some experience in the industry to report directly to the board and control the whole accounting function.

Candidates should be mature and experienced with a proven

commercial background gained in a computerised accounting

The company offers a comprehensive remuneration package and considers the appointment an axcellent opportunity for

someone wishing to develop a long term career in an interesting industry

Prease send details of your career to date to: Mortin D. Brown, Solomon Here & Co., 16 Union Street, Bristol B&1 2DQ.

BUSINESS ACCOUNTANTS

Our client is one of the most respected and prestigious banking groups in the City. A major sub-group within it, which itself has over four hundred stail, is currently preparing for deregulation. A structural review of the finance function has given rise to two new positions. The requirement is for two top quartile business men/women who can confidently comply with the following:-

(f) A Graduate Chartered Accountant with good scademic record and aged 25-28

(ii) Large firm training that included fact progress in responsibility level.

(iii) One to three year's post qu

commercial flair for business develop-ment with highly competent technical

The main responsibilities undertaken in these high profile roles will include strategic/business planning, M.L.S., financial reporting and treasury. Reporting direct to Board level these por

the faint-hearted and only high potential A.C.A.'s interes is a senior management benking future should apply. Preliminary interviews will take place in the next 2/3 weeks. In the first instance and in complete confidence please contact Chris French at the office below or call him outside office hours on 01-398 7322.



Financial Recruitment Spe 40-43 Fleet St, London EC4Y 18T Telephone: 01-583 6613

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28-35

systems are computerised.

previous staff management experience.

salary, and there are attractive fringe benefits:

Financial Controller

Northern Home Counties

Technology Products

£20,000 CA

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Accountancy Appointments

Divisional Financial Controller

Northern Home Counties

A prominent and profitable part of a major British plc, this division employs 1,600 in the UK, manufacturing a range of high-value products for industrial customers. Reporting at general manager level and a member of the management committee, the role will involve responsibility for 100 staff working in the accounting, DP and materials management functions. A major IT study is in progress, and the financial controller will have a major input to the specification and implementation of new reporting systems, in

addition to the financial planning and control of the division's operations. This substantial post will attract qualified accountants at least in the mid-30s with experience of working at regement level in a large-scale and sophisticated enterprise.

There is considerable scope for career development within the group. Remuneration will interest those currently earning up to £25,000 and will include the senior executive benefits of a blue-chip employer. Please send full cv indicating current salary, to confidence, to Michael Egan, Ref: AA26/9878/FT.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remoneration & Personnel Consultance

Hyde Park House, 60a Knightsbridge, London SWIX 7LE. Tel: 01-235 6060 Telez: 27874

Financial Controller

(Director Designate) c£20,000 + Car Coventry

This is a new appointment with a rapidly expanding and highly profitable specialist engineering company. Privately owned and with ambitious plans for future development--including USM listing-the company is now seeking a Financial Controller, with Director potential to further

strengthen its management team. Reporting to the Chairman and Managing Director you will be responsible for all aspects of financial management and control. Specific emphasis will be placed on the enhancement of accounting procedures and standards and the development of financial and management information systems. You'll also be expected to provide a company secretarial service and playa significant role in the broader commercial aspects of the business.

The requirement is for a qualified accountant aged 30-45 with a broadly based accounting background ideally gained within a small to medium size engineering/manufacturing company. The nature of the business and the company will require a practical, 'shirtsleeves' approach on occasions, combined with a professional and totally dedicated attitude. Experience of computerised business systems is considered essential.

Price Waterhouse.



Potential for future career develop-

ment is excellent in line with company growth and it is anticipated the person appointed should achieve Director

Assistance with relocation will be

Candidates should apply in writing

current salary, quoting reference MCS 8633 to Philip Gardiner,

status within twelve months.

considered in appropriate cases.

enclosing a full CV and indicating

Executive Selection Division

Price Waterhouse

Livery House

barrow/hepburn

Group Chief Accountant Worcester

c£22,000 + car

Barrow Hepburn Grouppic, is a successful and well established group with diverse interests in the UK and overseas which include engineering manufacture and distribution, chemicals and consumer related products. This appointment is

based at the company's head office.
The position offers considerable scope and variety as a member of a small, enthusiastic and commercially orientated senior management team. You will report to the Group Finance Director, and with the assistance of a young, part-qualified accountant will be responsible for: * Preparation of Interim and year end statutory accounts including technically complex consolidations

*Supervision of the production of group monthly management accounts

* Consolidation of computer based relationship with the operating company budgets and operation of budgetary control * Cash Management and forecasting * involvement in acquisition appraisal and

it is an excellent opportunity for young qualified accountants, probably aged late 20's or early 30's, to broaden their experience with a growth minded company. You should have at least two years post qualification experience with a thorough appreciation of all aspects of financial and management accounting, Experience in a manufacturing environment would be an advantage. Equally important is a practical approach, the personal qualities to make a positive contribution in a small team and

the ability to establish an effective working

accountants, most of whom are qualified The position carries a competitive alary, which will be negotiated to attract the right candidate, company car, bonus and share opportunities and removal expenses, where appropriate, to an attrac-

Candidates should apply in writing enclosing a full CV and indicating current salary, quoting reference MCS 8635, to Mike Okninski, Executive Selection Division Price Waterhouse Management Consultants Livery House 169 Edmund Street Birmingham B3 2JB Tel: (021) 236 5011.

Price Waterhouse



Finance Director

(Designate)

Salary £30.000

Our client is a UK based international trading company which is part of a very major privately owned group with Interacts spanning 4 continence.

Reporting to the Managing Director, you will be responsible for total financial management and liaison with sources of finance.

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profits of the company through involvement in the group's acquisition activities.

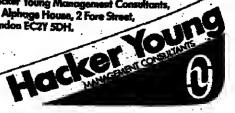
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Norsk Hydro may bid for Saga

By Fay Gjester in Oslo

NORSK HYDRO, the Norwegian industrial and energy group, is understood to be considering e counter-bid for Saga Petroleum, the Norwegian independent oil company re-cently involved in merger talks with Elf Aquitaine Norge, Norwegian off-shoot of the French concern.

Hydro itself will not comment on the rumours - which have been widely reported in Norway. It is clear, however, that significant poli-cy issues have been raised by the Elf/Saga talks, and the Govern-

Norway bave agreed that Norway is best served by having three of its "own" oil companies independent of one another. Saga, Statoil (100 per cent state-owned) and Norsk Hydro (51 per cent state-owned) have thus heen given specially favourable treatment in a succession of Norwegian licensing rounds.

It would not be easy for any gov-ernment to approve a merger which would hand Saga's privileges to a foreign-dominated company. A takeover by Hydro, instead, might seem preferable—although it would reduce the number of Norway's home-grown oil companies to two.

A complicating factor in any merger between Elf and Saga is that Volvo of Sweden already holds 20 per cent of Saga's 17.75m shares (par value NKr 60 a share). This means that, even if Elf agreed to accept a minority share - say, 49 per cent - of a new, merged company, foreign interests would still be in the majority.

Gencor loses another top executive

By Jim Jones In Johannesburg

MR BASIL LANDAU has become the second executive director of Gencor, South Africa's second largest mining house, to resign since the appointment of Mr Derek Reys as chief executive a month ago. S CALLY I

lows only a few weeks behind that of Mr Johan Fritz, the executive director responsible for mining opera-In the two years before Mr Keys'

appointment, Gencor had been managed hy a five-man executive committee following a failure to find a replacement for Mr Ted Pavitt, who retired as chief executive It was believed one member of

the executive committee would eventually be appointed chief executive, but Gencor and Saulam, its controlling shareholder and South Africa's second largest insurance

company, appointed Mr Keys from outside the group. Mr Landau joined Union Corporation, the mining house taken over by General Mining to form Gencor, in 1975. Before joining Union Corp., Mr Landau nad been managing director of Leyland South Africa, which was then in decline and is now only a small factor in the local

Mr Landau was responsible for management of Gencor's industrial operations, many of which have suffered large losses and needed considerable refinancing in the past

Sappi, the paper maker, suffered major cost over-runs in its recently completed expansion; Tedelex, a leading manufacturer and distributor of electrical products, suffered foreign exchange and trading losses

Dornier joins Webster bid

By Robert Gibbens in Montreal

ospace Technologies is 38 per centowned by Mr Dornier, 25 per cent by Mr J. Howard Webster, and the

the German aircraft firm Dornier. now a subsidiary of Daimler-Benz.

group, Fleet Aerospace, an aircraft

Armco and US Steel to combine oilfield supply operations

BY WILLIAM HALL IN NEW YORK

supply and service operations. The resulting company will have annual sales of close to \$10m, ranking it as one of the world's biggest operators in the sector.

The two groups have signed a letter of intent to establish an equally owned joint venture between Armco's National Supply and US Steel's Oilwell divisions. The proposed combination is the latest evidence of the effects of overcapecity in the world's oilfield services industry, caused by the dramatic drop in eil exploration following the shump in

Crude oil futures prices on the New York Mercantile Exchange are currently trading et under \$14 a barrel and several analysts believe that they could drop back to \$10 or \$12 a barrel over the next couple of months. This compares with over 530 a barrel a year ago. The slump in prices has caused a sharp drop in business for companies like National Supply and Oilwell, whose operations are geared to servicing the oil

exploration industry. . The two companies said the combining of the two businesses would permit a more cost-effective utilisation of existing assets." The com-

US STEEL and Armoo, two of the panies manufacture and distribute biggest US steel companies, are to a wide range of oilfield drilling and combine their loss-making oilfield production equipment and supplies. a wide range of oilfield drilling and production equipment and supplies.

Armeo's National Supply is the larger of the two companies and the largest of its kind in the US. It employs 2,400 people in 129 stores and other facilities around the world:

Sales leef war were \$550m At the Sales last year were \$530m. At the peak of the US oil drilling boom in 1982, when more than 4,500 rigs were at work. National Supply employed 13,000 people. Its parent has been forced to take heavy write offs on its business in recent years. The

> 1,821 a year ago.
> US Steel's Oilwell division: employs 1,200 in 82 facilities world-wide and is the third largest company in its sector.

> number of active drilling rigs in the US fell to 723 last week, against

. Armoo estimates that the two companies are working at no more than .25 per cent of capacity. It would not comment on the scale of possible job losses which would result from the merger and could not say whether there would be any

more writeoffs.

The joint venture is expected to he concluded by the end of the year, subject to the execution of definitive agreements, various closing

K mart to install video-data network

BY PAUL TAYLOR IN NEW YORK

K MART, the second largest US re- by with our 2,100 K mart stores natail group, and GTE, the US telec-ommunications group, yesterday announced plans to build a \$40m. satellite-based private data and

satellite-based private data and video communications network.

The system, which will provide data and video communications between K mark's freedmarkers in Troy Michigan, and the group's nationwide stores, will be one of the largest private networks ever huilt. Installation of the system will begin immediately and is due for comple-Installation of the system was sep-immediately and is due for comple-

The K mart network will be the first major application of GTE's re-cently introduced Skystar data net GTE Spacenet will provide work service which allows interactive communications between thou-sands of geographically dispersed locations, and is designed to com-bine the "latest in satellite and packet-switching technologies."

Mr Bernard Fauber, K mart's chairman and chief executive, said: This state of the art network will enable K mart International headquarters to communicate more quickly, efficiently and economical-

Mr. Fanber said the network would speed up credit card verificaable the group to improve store product mix by tracking buying

trends.

The network will also combine existing communications systems between corporate headquarters. the stores, six regional offices and 10 distribution centres. The system was designed jointly by two GTE subsidiaries - GTE Spacenet and GTE Telenet - which are part of its

lite capacity and the earth station network including video trans-mission and receiving equiment, while GTE Telenet will supply switching equipment and a-centra-lised network control centre:

K mart reported fiscal 1985 sales of \$22.4bn. It owns and operates more than 3,800 department and speciality retail stores in all 50 US states together with operations in Puerto Rico and Canada.

Canadian investment groups may merge

BY ROBERT GIBBENS IN MONTREAL

WOOD GUNDY, one of Canada's two largest investment banking and brokerage groups, is reported to be planning a merger with Gordon Capital Corporation, the fastest-growing and most innovative in-vestment firm in the country.

Though neither company would confirm rumours of the impending-merger, Wood Gundy scheduled a news conference for last night, saying it would announce an event of significance to the news to the news to the news to the new to the ne significance to the securities industry and the investing public." -

The last hig merger wave in the Canadian securities industry was about three years ago. Since then, half a dozen smaller investment houses have merged or gone public. Wood Gundy and Dominion Securities Pitfield are rivals for the top place and both have sizeable international networks.

However, the pressures have heen mounting in Ontario to allow foreign investment banks to take a larger role in the Canadian industry, including direct interests well above the present 10 per cent limit. A key decision by the Ontario Government is due early this summer. Several large American-based in-vestment banking firms with global

to resign under a special scheme

The company said it was now

evaluating the staffing balance in

all functions to determine how

many involuntary separations

At the time the voluntary pro-

gramme was announced, Exxon

said it was aiming for 15 per cent of its employees accepting the offer.

announced on April 22.

might be required."

networks have been creaming off millions of dollars in fees recently for advising in several recent Canadian takeover bids.

 Canadian Imperial Bank of Com-merce (CIBC) is finalising a big res-tructuring of its operations which should improve its mediocre profit performance within a few years, Mr Donald Fullerton, chairman, chief executive and president, told AP-DJ in Toronto.

CIBC is Canada's third largest bank. In its first quarter ended January 31, the bank's 0.44 per cent return on assets was the lowest of the country's big five banks. However, Mr Fullerton said that in a few years CIBCa return on assets should be greater than the current average of its four competitors as the bank begins to benefit from its

Thorne Riddell, one of the top Canadian owned firms of chartered accountants will announce today a merger with the smaller Canadian

firm of Ernst & Whinney.

The combined operation will be the largest in Canada and will have full international links and prominent management consulting and systems operations.

GERMAN VEHICLE BUILDERS TO CONTINUE JOINT VENTURE

MAN and VW renew truck pact

West Germany's second-largest three years. heavy truck producer and Volksture which has so far failed to live week up to expectations.

Mr Wilfried Lochte, chairman of MAN, as his company launched a new range of heavy trucks, called the FW, which will replace existing models over the next two years. MAN invested DM 250m (\$110m)

This was revealed yesterday by

on the F90 trucks, which have new cabs, chassis and suspension systems. Mr Lochte says they will play a crucial role in the company's drive to boost its share of the West tonnes gross weight from the cur-

on as a treatment for other cancers

such as Kaposi's sarcoma (associated with Aids) and malignant mela-

smerferon is going to grow to the point where it could be a rather sub-stantial contribution to sales vol-

ume and profits of the company in-

ternationally."
Until a year ago the two compa-

nies were locked in a legal struggle

over patent rights to interferon, a

substance which occurs naturally in the body. In May last year they

agreed to drop their competing

claims because the legal deadlock threatened development of the

The other chief candidate in the evelopment of interferon is Well-

come of the UK. Wellcome has Brit-

ish clearance for the use of its inter-

leron for hairy cell leukaemia, and

is awaiting US clearance for two conditions, genital warts and juve-

Turbine group

ALFA Romeo-Avio, the Italian

could seek a bourse listing, accord

ing to the chairman of Finmeccani

ca, the company which co-ordinates and controls state engineering ac-

Mr Franco Viezzoli, speaking at e

conference in Rome, said the pos-

sibility of launching the company on the bourse was being examined. Alfa Bomeo-Avio designs and

manufactures turbine engines and

components for civilian and mill-

tary aircraft and turbo-compressors

Wella hit by

weak dollar

WELLA, the West German hair-care group which has a large for-eign sales base, reports a fall of al-

most 10 per cent in net profits for

The company said yesterday that its quarterly performance had been

hit by the weakness of the dollar.

Net earnings dipped to DM \$3.5m

(514.8m) from the DM 37m of the

By Our Financial Staff

the first quarter of 1986.

plans listing

nile laryngeal papilloma.

Interferon

COMMERCIAL. Vehicles, rent 7 per cent to 10 per cent within The first F90 trucks, at the top wagen, the car group, have renego-tiated their medium truck joint ven-timental European markets next for the joint ranges.

> The VW-MAN co-operation dates back to 1979 when trucks between six and 10 tonnes gross weight were launched. It was due to end next

Under the new terms, production of all the vehicles will be at MAN's factory at Saltzgitter near Hanover. VW insisted in the previous con-tract that 70 per cent of assembly was at its Hanover factory.

However, VW has reorganised its production arrangements and Hanover is now fully employed produc-

ing vans.
The transfer to Saltzgitter should

be completed by the end of this said the dollar-f)-Mark relationship year. The companies will continue to share production of components

There have been doubts about continuation of the project which fell far short of the original targets. The partners hoped for an annual output of 11,000 vehicles, including 10,000 for export. But production had never been above 5,000. Last year the joint venture sold 3,700 vehicles, but Mr Lochte said this should improve to more than 4,000

in the current year. The project is now breaking even financially, he added, and consolidation of production at one site would bring further economies. The partners have for the time being

Newcomers bring Portuguese

made exporting built-up trucks from West Germany not a viable

MAN was recently absorbed completely into GHH, West Germany's largest engineering group, and the commercial vehicle division was estahlished as a separate subsidiary. In its last independent financial year - to end June, 1985 - MAN reported e small profit of DM 32m. Mr Lochte said the commercial vehicle

business did much better in the cur-rent financial year and the progress would speed up in 1986-87. In 1985, MAN produced 18,395 trucks over 15 tonnes, np from 15,334 and the year output should reach 20,359, he said. This comgiven up the idea of selling the joint pares with a hreak-even level of en-range vehicles in the US. Mr Lochte nual output.

COMPUTERLAND'S founder, Mr William H. Millard, plans to sell his 96 per cent stake in the computer retail franchise company.

The Hayward, California based

By Louise Kehoe

in San Francisco

company is the largest retailer of personal computers in the US with more than 300 franchised stores and 1985 sales of about \$1.5bp. Computerland executives were

Founder of

computer

pulls out

retailer

taken by surprise by Mr Millard's announcement. "Apparently the major stockholder has made an independent decision to sell his holdings which include stock in Computerland," said a company spokes

tives felt the sale would be a change for the better. "We have not had the easiest of relationships with our stockholder," a senior company offi-cial said.

Mr Millard and his daughter Bar-bara Millard, the former president of Computerland, were removed pany six months ago following e court decision that awarded a 20 per cent stake in Computerland and \$140m in damages to an investor group. The group had sued Mr Millard for non-payment of a nine-year old \$250,000 loan which was secured against a 20 per cent stake in Com-puterland.

According to Mr Millard's lawyer be is preparing to appeal the case. Meanwhile, the disputed holding is onderstood to have been placed in a trust fund. Court approval would be required before this could be sold and it is not clear whether approval has been granted. Under the original court order,

however, Computerland was to bave been taken public before Jan-uary 1988. Instead, Mr Millard is seeking to sell his stock privately. buy the company.

makers win banking business to life clearance By Tony Jackson in London BY DIANA SMITH IN LISBON BIOGEN and Genentech, two West monthly credit ceilings calculated bank it recently began denationali-Coast hiotechnology companies have both received clearance from

COMPETITION in Portuguese banking has livened up since six major foreign banks, a privately the US Food and Drug Administra-tion to sell their respective versions owned Portuguese investment bank and three privately owned Portu-guese commercial hanks received licences in the past 18 months. of interferon - the anti-cancer agent in the US.

The companies bave received

Two of the three private commer-cial banks – Banco Comercial Por-tugues (BCP) and Banco de Comerclearance only for treatment for a rare form of cancer, hairy cell leu-kaemia. Applications have also been lodged for the use of interfercio E Industrie (BCI) - have opened their first branches in Oporto and Lisbon. The third - Banco Internacional de Credito (BIC) - will open

The licensees for the two forms of interferon, Hoffmann-la Roche of Switzerland (Genentech) and Schering-Plough of the US (Biogen), agreed yesterday that the name of the US (Biogen), agreed yesterday that the name of the US (Biogen) or so employees at the name of the US (Biogen). en), agreed yesterday that the new product would have a "significant cierks per branch in nationalised impact" on their sales in the longer hanks. term. Hoffmann la Roche said; Over the long term, indications are that

In order to build up short-term trade financing within the complex

by the Bank of Portugal, BCP be-gan operations with capital of Es 3.5hn (\$23m), double the legal mini-

Like BCP, BCI, with initial capital of Es 1.5bn and 10 per cent of its shares held by the Pioneer Investment Bank (BPI), is offering progressive interest on current acheld by clients. This is an innovation in Portugal and, the banks hope, an incentive to clients to put all their cash in one bank instead of spreading it among a number of

BIC marks the return to Portuguese banking of the Espirito Santo family who lost their banking and other assets in the 1975 revolution. Ironically, the bank they once owned - Banco Espirito Santo E. Comercial de Lisboa (BESCL) - is the most profitable nationalised

sation moves by offering Es 6bn worth of participation bonds - part bond, part equity - to the public. BIC, like BCP and BCI, will ini-

tially concentrate operations in Oporto and Lisbon where most of Portugal's business is done and where most of the upwardly mohile liberal professionals and lucrative services operate. It will later open branches in other cities. For years efforts to liberalise the rigid, nationalised banking system were blocked by claims that foreign

or private Portuguese banks would take the best clients, leaving nationalised institutions with the problem The size of the problem is illus-

trated by the huge volume of bad debts - Es 400hn accumulated since

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Svenska Handelsbanken Skandinaviska Enskilda Banken Post-och Kreditbanken, PK Banken Manufacturers Hanover Bank Sverige

March, 1986

for Canadair

MR JUSTUS DORNIER, the West German industrialist, has joined the Webster family interests of

Montreal in a consortium bid for Canadair, the aircraft and defence products group being privatised by the Federal Government. The consortium of Canadian Aer-

lance of the stock will be issued Mr Dornier is a former director of

Four other companies are seeking Canadair, including Bombardithe snowmobile and heavy transport manufacturer, Magna International, a major motor parts component group, and IMP Group

BY OUR FINANCIAL STAFF The programme excluded em-EXXON, the largest US oil company, said vesterday that 6,200 of its 40,500 employees had volunteered

Exxon workforce cut by 6,200

The cut in Exxon's workforce is linked to the substantial fall in oil

prices early this year. While the crude oil market staged this week, with the domestic benchnear \$13 a barrel. Late last year the crude oil prices provided a ration-

Mr Sanford Margoshes, an analyst with New York investment bankers Shearson Lehman Bros, probably been in effect for a long

The North Sea marker crude. ployees of Exmon's nuclear division Brent, is quoted at about \$12 a barand the Reliance Electric subsidia- rel, substantially below the \$28 price last November.

a partial recovery last month, said: It's my guess that the plan for prices were sharply lower again reducing the number of people has mark. West Texas Intermediate, time, but that the recent collapse in

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Bank Brussel Lambert N.V.

Bayerische Vereinsbank Aktiengesellschaft (Union Bank of Bavaris)

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INTL. COMPANIES & FINANCE

APPETITE FOR FOREIGN MARKETS FUELS RISES TO RECORDS

Bourses boosted by US buying

BY PAUL HANNON IN LONDON

THE INTERNATIONAL traffic in ish shares to American Depositary stocks and bonds reached a record Receipts. level last year as US investors went on a worldwide buying spree. Their actions fuelled dramatic surges in volume in many European centres and under-pinned peak perfor-mances in some of the leading

This is the conclusion of the latest analysis of foreign activity in international markets by the New York-based Securities Industry As-

The US appetite for foreign stocks quadrupled to \$3.9bn from its 1984 level, leaving it a shade higher than the 1983 peak of \$3.8bn.

Virtually half the net purchases by US investors were made in Eu-rope with about \$300m finding its way into each of the French, Swiss and German markets. Britain remained one of the most important recipients of US funds with a total of \$617m invested in the London stock exchange. However, this was down slightly on the previous year's figure of \$627m. Significantly, the level of gross transactions, a reliable indicator of the role of foreign support in any given market, jumped to a staggering \$12.9bn durjumped to a staggering \$12.9bn dur-ing 1985 from \$7.9bn the previous

US support for UK stocks eased during the final quarter as the weaker oil price threatened sterling and interest rates. Although British interest rates did in fact edge high-er, the London stock market sus-tained only a mild setback.

American buying of British equi-ties received a further setback earlier this year with the proposal in the March budget to impose a 5 per cent tax on the conversion of Brit-

Elsewhere in Europe, American support for French equities got off to a slow start. Net US purchases on

the Paris bourse amounted to \$12m in the first quarter. This gradually increased to \$31m by the third quarter, nnly to be catapulted to more than \$240m in the final three months. A perception that the political problems associated with the "twin-party" government were not as great as had been feared prompted the turnround. Gross transactions for the year edged from 51bn

to \$1.2bn. A similar belated enthusiasm for Swiss equities took place. Gross activity increased to \$1.6bn of purchases from the 1984 level of \$1.3bn but the net purchases were more dramatic with a dazzling jump from \$79m to \$279m. Within the year, net buying amounted to \$89m in the first quarter, but sprinted to \$176m

Canadian markets, however, did not match that of their southern counterparts. Investment is be-lieved to have been highly selective with funds concentrated on industries likely to benefit from the low-er Canadian dollar and those gaining from the lower interest rate trend at the end of the year. The Canadian dollar slipped a total of 6 per cent against the US currency last

Exchange rates proved to be critical. After touching record highs against some currencies early in 1985, the dollar began a slide which,

although interrupted by official in-tervention occasionally, finished the year between 25 per cent and 29 per cent lower against most major foreign currencies. While the dollar continued to fall in the first quarter of this year, Wall Street has scored \$1.7bn. some dramatic advances and foreign investment in the US has in-

Foreign activity on Wall Steet, in part a reflection of the globalisation of capital markets, has doubled in the past five years to the extent that between 9 per cent and 9.5 per cent of the value of New York Stock Exchange daily transactions are of a non-US nature. Gross activity in US equities jumped to \$157bn last year from \$122bn in 1984.

Foreigners were net buyers of \$4.9bn worth of US equities in 1985. Although this figure did not exceed the 1981 record of \$5.8bn, the concentration of much buying in the fi-nal three months of last year -

Canada remained a key depository of US investment again as a toboost stemmed from Europe with net purchases leaping from \$869m net p jor region making net sales – about \$8m – of US equities in the final three months.

UK investors were still the important foreign participants in the US stock markets (and vice verteb US stock markets (and vice verteb US stock markets (and vice verteb US stock markets) of net compared with only net purchases jumping by almost \$6.3bn (29 per cent) the previous \$1bm in \$1.67bn. \$1bn to \$1.67bn.

Europeans were the Germans with net purchases of \$730m (out of a gross activity of \$6.1bn), compared with being net sellers of US equities

The Japanese were also active buyers (at \$7.47bn) but held on to only \$298m worth of US stock during the year, while the Canadians scaled back their net purchases to

In the US bond markets, foreign interest was sustained by declining interest rates and low inflation. To tal net purchases of bonds by overseas investors amounted to \$39bp (\$84bn gross) with more than \$18bn surfacing in the final quarter as speculation grew that the Federal Reserve Board was poised to lower interest rates further.

Europe represented the lion's share of the foreign support with \$30bn net purchases (\$46bn gross), while Asia as a whole bought \$2bn net (\$12.8bn gross). The Japanese were, after the British, the most important element in the non-US buying spree with net purchases of \$2.9bn.

During most of 1985, the interest rate differential between US and UK corporate bonds favoured US US was lower than in Britain

Swiss investors increased their level of net purchases to \$3.9bn from \$604m, while West German buying also managed a healthy in-

crease from \$604m to \$1.6bn. The Treasuries market was domi-After the British, the most active erament bond issues favouring US over Japanese issues narowed during the year from 525 basis points to 339 basis points. The dollar also fell 20 per cent against the yen dur-

Seminars bridge the transatlantic gap

BY ANDREW BAXTER IN LONDON

emerging US companies were this week introduced to a novel way of keeping in touch with their investments - a potpourri of nine "inves-tor presentations" in separate rooms at Claridge's hotel in Lon-

Officers from small and mediumized concerns in industries ranging from restaurants to lighting equipment faced the daunting task bank which has recently carved a who took part, reduced the number of talking six times throughout the niche for itself by handling public by one, and another company day to groups of brokers and fund offerings for companies with high

UK INSTITUTIONS with shares in managers, who could move from room to room to find the compa in which they were interested.

The concept, quite common in the US, is rare in the UK, where a presentation at hunchtime is the more common way for a US company to woo the London institutions.

Yesterday's series of meetings were hosted by Ladenburg, Thalmann, a venerable US investment

growth potential, but not necessariwith a high-technology tag.

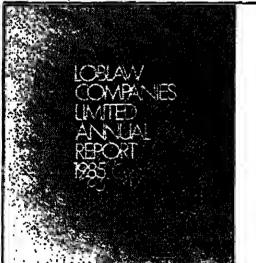
Invitations for the event talked of a unique opportunity for the Euro-pean investment community to meet the chief executive officers of 11 outstanding and rapidly growing companies." In the event, fears over reputation for "taking longer terrorism, which were roundly con-demned as "hysterical" by those

All the companies represented yesterday have UK shapeholders All the companies and were hoping to increase their numbers, as well as update current shareholders, Mr Howard Kahan director of corporate ac participant Prime Motor Rins, notreputation for "taking longer view" than their US counterparts.

Ladenburg hopes to hold another conference in London next year if yesterday's is judged successful.

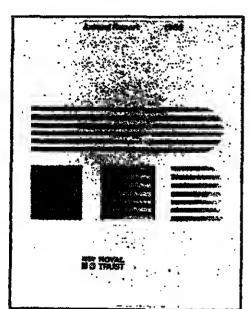
Fig is coupon on opposite page to order your North American Companies annual reports.

These twenty annual reports represent the final pages of a 2 part series, designed to keep you informed on major North American Companies.



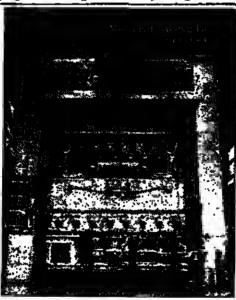
Loblaw Companies Limited

Loblaw Companies Limited is Canada's largest food distributor with wholesale and retail operations across Canada and in the United States. In 1985 earnings increased 9.8% to Can.567 million and total assets reached Can.51.5 billion. Capital expenditures are anticipated to exceed Can.51.0 billion over the five years ending in 1988. This investment, in support of proven store formuts and people, is being made in carefully selected locations in many markets to ensure continued stable growth.



Royal Trustco Limited

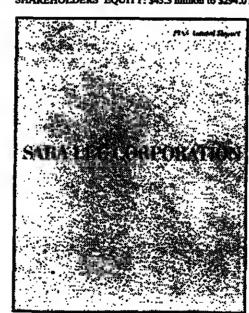
Royal Trusteo Limited is Canada's leading trust company, with assets under administration of \$57 billion at the end of 1985. Royal Trust offers a broad range of personal and corporate financial services across Canada and internationally. For the year ended December 31, 1985; net income was \$113 million, up 33% over \$85 million in 1984; net income per share was \$1.89, up 13% over \$1.67 in 1984.



Magna International Inc.

Magna International Inc. (TSE: MGA; NASDAQ: MAGAF) has established an enviable record of growth and profitability in the North American automotive industry, one of the world's most dynamic business environments. Magna, with over 80 facilities, produces more than 4,000 parts and components. Innovative design, product quality, an entrepreneurial operating structure combined with sound financial management has produced the following increases over the last five years:

SALES: \$199 million to \$690 million
NET INCOME: \$6.7 million to \$38.5 million
EARNINGS PER SHARE: \$0.61 to \$1.77
SHAREHOLDERS' EQUITY: \$45.3 million to \$294.0 million.



Sara Lee Corporation

Sara Lee Corporation (formerly Consolidated Foods) is an interna-tional food and consumer products company, marketing high quality brands with leading market shares. Sales total more than \$8 billion, with approximately 25% from non-U.S. operations. Return on equity has increased every year for ten years, reaching 20.5% in fiscal 1985. Brands include Sara Lee, Douwe Egberts, Kiwi and Aspro.

٨.



Maryland National Corporation

Record 1985 performance placed MNC in the top tier of major regional bank holding companies—carnings up 37%, ROE 17.4%, ROA 1.03% and primary capital 8.0%. With 38 billion in assets, MNC serves the nation's 5th largest market in population and retail sales and is prepared for further expansion in the mid-Atlantic region.



Sears, Roebuck and Co.

Celebrating a century of progress, Sears, Roebuck and Co. has grown from a catalog operation to a leading provider of goods and services through its retail and international operations and its financial services network. Sears is organized into five principal groups: Sears Merchandise, Allstate Insurance, Coldwell Banker Real Estate, Dean Witter Financial Services and Sears World Trade, Inc. Total revenues for 1985 were \$40.7 billion with net earnings of \$1.3 billion.



MASCO CORPORATION, a UNIQUE GROWTH COMPANY with leadership market positions, has reported 29 CONSECUTIVE YEARS OF EARNINGS INCREASES.

Masco manufactures faucets and other building-related products and other specialty products for the home and family. Send for our 1985 Annual Report to learn why, we believe.

Masco's earnings will continue to grow at an average annual rate of 15 to 20 percent annually over the next five years, with our sales in 1990 approaching or exceeding \$3 billion.

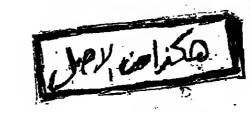


The National Guardian Corp.

The National Guardian Corporation, one of the nation's largest and fastest growing security services companies, offers a broad range of electronic alarm systems which may be monitored from the Company's central monitoring stations throughout the country. The Company also provides security guard and other investigative services, such as background and management investigations, surveillance activities and polygraph testing.

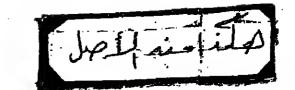
Revenues of \$64.4 million and net income of \$4.7 million in 1965 more than doubled from 1984.

The common stock of National Guardian is traded in the U.S. over-the-counter market on the NASDAQ National Market System, under the symbol NATG.



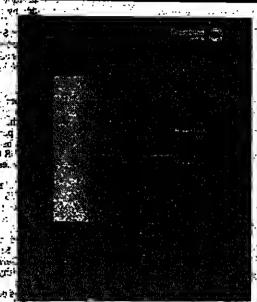
IANCE

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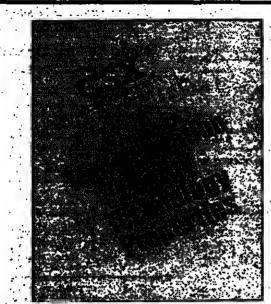
Investors Update

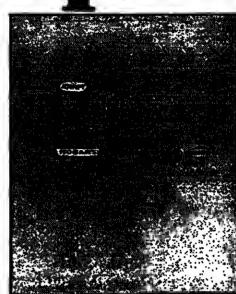
Part 1 was featured Wednesday, June 4th.



CrossLand Savings (NASDAQ symbol: CRID)

CossLand converted from mutual to stock ownership in Octob 1985, and reported net income of \$148.4 million for its fiscal ye ended December 31, 1985 (\$35.2 million in 1984). First quarter 1986 net was \$23.1 million with net interest income \$44.7 million. At March 31, 1986 shareholders' equity stood at \$570.1 million, with a net worth ratio of 6.83%.







Elbit Computers

Net revenues climbed to \$150.2 million in 1985, from \$118.6 the year earlier. Net income reached \$18.1 million (versus \$12.3 million).

The Company's shares trade on the Tel Aviv Stock Excl in the U.S. (NASDAQ Symbol: ELRTF).



Engelhard Corporation (NYSE: EC)
Engelhard is distinguished by a commitment to fresh ideas for advanced technology and a global perspective.

The 1985 Report reviews the Company's financial structure, outlines global strategies shared with international analysts at a forum in Zurich, and conceptualizes, via pictorial essay, Engelhard's thrust for its products in key markets worldwide.



Federal-Mogul Corporation

Federal-Mogal Corporation; hendquartered in Southfield, Michigan, is a manufacturer and worldwide distributor of products that range from precision parts for the transportation; faunt equipment, construction and manufacturing industries to acrospace components.

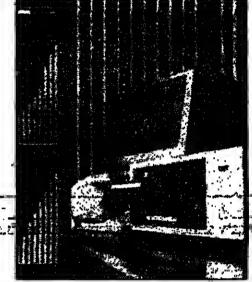
The Corporation had record earnings of \$32 million in 1985 on sales of \$895.5 million. Its shares are traded on the New York and Pacific Stock Exchanges.



Georgia-Pacific Corporation

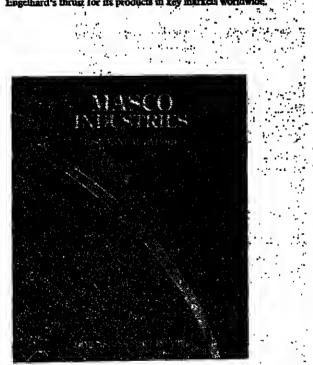
Georgia-Pacific is one of the world's largest forest products com-panies, with record sales of over \$6.7 billion. The 1985 Annual Report features a new financial review section and outlines the company's plans for continued growth.

Last year, Georgia-Pacific strengthened its balance sheet to accommodate future acquisitions, as well as to sustain the internal capital investment program. A strong performance in building products offset a decline in the pulp and paper business.



Iomega Corporation

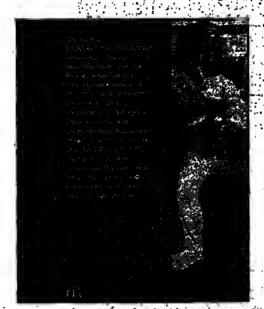
One of the fastest growing companies in the inclustry, lomega Corporation, manufactures cartridge-disk drives for use with desk top computers. These drives, called Bernoulli Boxes, offer the high capacity and performance of rigid drives and the lower cost and media removability of floppy drives. During 1985 revenues increased 126% to \$116.5 million and net income grew 491% to \$14.9 million, lomega shares are traded on NASDAQ under the symbol IOMG.



Masco Industries

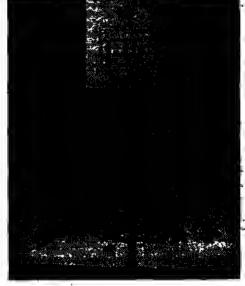
Our proven strangies for growth, unmainhed advanced metal-working technologies and products of value provide Masco In-dustries with...A Competitive Edge.

Masco Industries manufactures custom-engineered compo and other specialty products for Industry. Send for our 1985 Annual Report to learn why we believe Masco Industries is positioned to achieve its objective of increasing earnings per share, on average, at least 20 to 25 percent annually over the next five years.

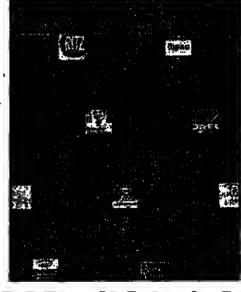


McDonald's Corporation

McDonald's is the world's impost restaurant organization, serving 19 million people daily in 9,000 restaurants located in 41 countries around the world. In 1965, McDonald's reported record net income, total revenues and systemwide sales for the 21st consecutive year since becoming a publicly beld company. Total assets rose 19 percent to more than \$5 billion and return on average common equity exceeded 21 percent, McDonald's is one of 30 companies that comprise the Dow Jones Industrial Average.



A diversified electric utility, PacifiCorp (NYSE: PPW) derives 44 percent of its \$2 billion in annual revenues from non-electric sources. Operations include Pacific Power, the largest investor-owned electric utility in the Pacific Northwest; NERGO, a coal, silver and gold mining subsidiary; Pacific Telecom, a telecommunications subsidiary, and PacifiCorp Credit, a commercial financial services firm. 1985 EPS: \$3.44, Annual dividend: \$2.40.



R.J. Reynolds Industries, Inc.

R.J. Reynolds Industries, Inc. is an international consumer goods corporation with major interests in foods and beverages, tobacco products, spirits, wines, imported beers and quick-service

In 1985, RJR achieved record sales and earnings and increased the cash dividend for the 32nd consecutive year. Sales \$16.6 billion; net earnings from continuing operations \$1 billion; earnings per share \$3.60; dividends per share \$1.41.

Part of 21/2 page series appearing on June 4th and June 5th.

Please send me the following Annual Reports:

☐13 CrossLand Savings □14 CSX Corporation

□15 Dart & Kraft, Inc. ☐16 Elbit Computers □ 17 Engelhard Corporation

☐ 18 Federal-Mogul Corporation ☐ 25 Masco Industries ☐ 19 Georgia-Pacific Corporation ☐20 Iomega Corporation

☐21 Loblew Companies Limited. □22 Magna International Inc.

□ 23 Maryland National Corporation ☐24 Masco Corporation

☐26 McDonaid's Corporation □27 PacifiCorp

□28 R.J. Réynolds Industries, Inc. 29 Royal Trustco Limited

☐30 Sara Lee Corporation □31 Sears, Roebuck and Co. □32 The National Guardian Corp. 245.45

The section of the se

I also want these Annual Reports featured June 4th.

□01 AMCA international Ltd. □02 American Barrick Resources

Corporation ☐03 American Express Company □04 American General Corporation □12 Communications Satellite □05 Ameritech

□06 Ametek, Inc. □07 Arvin Industries, Inc.

□08 Bank of Montreal □09 Bell Canada Enterprises Inc. □10 Brush Wellman Inc.

□11 Comdisco, Inc. Corporation

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Please return coupon by July 31, 1986.

To: Colin Tennant, Financial Times Bracken House, Cannon Street, London EC4P 4BY, U.K.

Or: Susan Basedow, Financial Times 14 East 60th Street, New York, NY 10022. U.S.A.

U.S. \$30,000,000



The Korea Development Bank

Floating Rate Notes Due 1989

Interest Rate

79/16% per annum

Interest Period

5th December 1986

5th June 1986

Interest Amount per U.S. \$1,000 Note due 5th December 1986

U.S. \$38.44

Credit Suisse First Boston Limited Ageni Bank

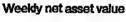
VIACOM INTERNATIONAL INC.

Notice of Adjustment of Conversion Price To the holders of VIACOM INTERNATIONAL INC 71% Convertible

Subordinated Debentures due 2000

Notice is hereby given that the conversion price of the 71% Convertible Subordinated Debentures Dua 2000 (the "Debentures") of Viacom International Inc ("Viacom") has been adjusted to reflect the two-for-one stock split on Viacom's common stock, par value \$1.00 per share (the "Common Stock "), declared by Viacom's Board of Directors on May 1, 1986. The stock split was effected by the distribution on May 26, 1986 of nne sbare of Common Stock fn reach share of Common Stock outstanding on May 12, 1986.

Effective May 12, 1986, the \$55 price at which shares of Common Stock will he delevered upon conversion of the Debentures bas been adjusted to be \$27.50 per share of Common Stock





Tokyo Pacific Holdings (Seaboard) N.V. ON 2nd JUNE, 1986 U.S. \$132.20

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heldring & Pierson N.V., Herengracht 214, 1016 B\$ Amate

U.S. \$275,000,000

U.S. \$200,000,000 is being Issued as the Initial Tranche The Bank of New York Company, Inc. Floating Rate Subordinated Capital Notes Due 1997 Notice is hereby given that the flate of Interest has been fixed at 71/4% p.a. and that the Interest payable on the relevant Interest Payment Date, September 5, 1986 against Coupon No.3 in respect of US\$10,000 nominal of the Notes will be US\$185.28.

By: Citibank, N.A. (CSSI Dept), Reference Agent

CITIBANCO

AIBD	BOND	NDICE	S	
WEEKLY E	URIDBOND GU	DE MAY 3	G 1986	
	Redemption Yield	Change on Week	12 Months High	12 Months Low
US Dollar	9.515	1.320	11.010	9.094
Australian Dollar	12.980	0.031	14.630	12.600
Canadian Dollar	10.730	0.506	12.040	10.489
Euroguilder	6.074	0.264	7.090	5.971
Euro Currency Unit	8.400	2.564	9.670	8.164
Yen	6.702	2.571	7.250	6.307
Sterling	10.035	0.461	11.932	9,751
Deutschemark	6.594	0.442	7.260	6.418
Cank J. Vontobel &	Co Ltd. Zurich	- Tolox:	81Z/44 JVZ	CH



Kingdom of Sweden

U.S. \$750,000,000

Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 5th June, 1986 to 5th December, 1986 the Notes will carry an Interest Rate of 7%% per armum.

Interest payable on 5th December, 1986 will amount to U.S.\$374-90 per U.S.\$10,000 Note.

Morgan Guaranty Trust Company of New York London Agent Bank

US \$50,000,000

Saitama International (Hong Kong) Limited

Guaranteed Floating Rate Notes Due 1993



Guaranteed as to payment of principal and interest by The Saitama Bank, Ltd.

77/16% per annum

Interest Period Interest Amount per

5th June 1986 5th December 1986

U.S. \$189.04

U.S. \$5,000 Note due 5th December 1986

Credit Suisse First Boston Limited

U.S.\$100,000,000



LONDON BRANCH

Floating Rate Depositary Receipts due 1992

Issued by the The Law Debenture Trust Corporation p.l.c. In accordance with the terms and conditions of the Receipts and the provisions of the Agent Bank Agreement, notice is hareby given that the rate of interest for the interest period commencing June 5, 1986 has been determined at 7%% p.a. The interest payment date will be December 5, 1986 and payment of \$374.90 will be made per US\$10,000 deposited and \$9,372.40 will be made per US\$250,000 deposited.

The Chase Manhattan Bank, N.A., London, Agent Bank.

The Hongkong and Shanghal Incorporated in Hong Kong with limited liability)

U.S.\$400.000.000 PRIMARY CAPITAL UNDATED FLOATING RATE NOTES



Notice is hereby given that the Rate of Interest has been fixed at 74% and that the interest payable on the relevant interest Payment Date 'September 5, 1986 in respect of \$5,000 nominal of the Notes will be \$94.24 and in respect of \$100,000 nominal of the Notes will be \$1.884.72

June 5, 1986, Landon By: Clabank, N.A. (CSSI Dept.), Agent Benk

CITIBANCO

INTL. COMPANIES & FINANCE

Heavy equipment alliance expanded

in an unusual reversal of this anywhere near Komatsu's class.

The two are Caterpillar, the premier US construction equip-ment company, and Mitsubishi Heavy Industries, Japan's lead-ing heavy machinery maker. In 1962, the two formed a Japanbased joint venture to manu-facture and sell earthmoving equipment. But with sales now at around \$930m, Caterpillar Mitsubishi (CM) has been howing little to no profit for

nearly two years ago, with an to between Y210bn and Y220bn agreement only hammered nut at the end of last month. In the intervening two years, bow-

WHEN A joint venture starts Caterpillar got into the HE into consideration. So the its Aurora, Illinois plant. In going wrong, most participants business individually, but designs for the new joint venture start looking for the door. But neither has been able to get ture (of HES) will be done in models and a smaller one at

in an unusual reversal of this rule, two power houses in tha construction equipment industry have decided to pump another Y23bn (\$131m) into their 24-year-old alliance in an effort to make up for past mistakes and better compete in world markets.

The two are Caterpillar, the Talks to expand the joint venture into HEs were begun to between Y210bn and Y220bn.

Japan and the manufacture for

Carla Rapoport examines a revitalised joint venture between Caterpillar and MHI

showing little to no profit for at least four years.

The trouble was CM's sales line which did not include hydranlic excavators—and HEs, as they are called, have been providing most of the excitement in the construction equipment industry for the last several years.

According to MHI, HEs now account for 60 per cent of the world construction equipment market. About 60 per cent of the leader is Komatsu, with between 16 and 18 per cent of the world market. MHI and the market are now taking trade friction.

Caterpillar's distribution system, under the Caterpillar trademark. By 1990, according to Mr Konishi, the new joint venture is projected to have wenties for Japanese yen. The first was heightened trade friction from the US and the second, the rapid of the Japanese yen. The first resulted in EEC dumping duties for Japanese hydraulic excavators last year. The second meant that exporting from Japan is becoming increasing them is not so desirable.

We think that making products in Japan and exporting them is not so desirable. We have due to have wenture all the mere important.

The first was heightened trademark. By 1990, according to Mr Konishi, the new joint wenture is projected to have wenture is projected to have

Over the next few years, Caterpillar and MHI bydraulic excavators will be integrated into a single-product line which will be manufactured at MHPs Akashi plant and at Caterpillar plants in Belgium and Aurora, under licence from the joint venture company. The MHI Akashi plant, along with its 700 workers, will become part in the new joint venture company.

The new latest venture is a The new latest venture is a direct attempt, although unspoken, by the two companies in rearm themselves for battle with Komatsu. "Komatsu is number one, of course," says Mr. Komshi, with the implicit message that the two companies would like to assume that spot themselves.

The proposal is an intriguing one. Can a US-Japanese multinational joint venture outwit the established Japanese heavyweight? Depending on the speed with which Caterpillar and MHI move, their chances for cutting costs through distribution rationalisation, increased local manufacturing and lower exports from Japan look pro-mising. No dunbt Komatsu will be watching their moves closely.

Toshiba's net profits tumble 31%

BY YOKO SHIBATA IN TOKYO

TOSHIBA, THE Japanese maker of electric machinery and consumer products, showed a 31 per cent fall in consolidated net profits to Y59.44bn (\$346.5m) in the year to March.

The poor performance was replaced for the profits to Y59.45bn (\$346.5m) in the year to March.

The poor performance was replaced for the product of the poor performance was replaced for the product of the poor performance was replaced for the product of the product of

The poor performance was planted on the long semiconductor recession and the yen's tharp appreciation against the blamed on the long semiconduc-tor recession and the yen's sharp appreciation against the

Fund levies sought from Thai banks

THE BANK of Thailand has asked Thai comercial banks and finance companies to make their first contributions by early July and December to the Fund for Rehabilitation and Development of Financial Insti-tutions, Reuter reports from

The government-run fund was set up early this year under a royal decree to provide the central bank with a mechanism to intervene in operations of troubled financial A central bank official said

A central bank official said local financial institutions are required to put 0.05 per cent of their total deposits into the fund next month and another 0.05 per cent in December.

The Government expects to levy up to 700m baht (\$26.7m) a year into the fund.

are based on a yen-dullar rate of around Y160. Prospects are viewed as weak in the first half, after which the effects are expected to flow from measures Toshiba has taken to cope with the stronger yen, such as shift-ing productieo bases nverseas.

dollar.

Mr Yuichi Yamada, vice president, said yesterday tha Toshiba group would probably report a sumer products division rose 15 per cent to account for 31 per cent of the total. This was supported by strong demand for video cassette recorders both and overseas—

Overseas sales are expected to grow by 8 per cent to Y1,140bn. Full-year net profits

Overseas sales, representing 31 per cent of total turnover, rose a mere 1 per cent.

Furecasts for the current year

tosses of Y105bn expected due ported by strong demand for are projected at Y48bn, down that persistent strength of the video cassette recorders both 19.2 per cent, on sales of within Japan and overseas — Y3,630bn, up 7.6 per cent from rewarding its switch to the VHS

Poor half-year result for Melbourne Herald group

BY LACHLAN DRUMMOND IN SYDNEY

Melbourne and Perth, lower profits from its two television stations, increased interest rates on higher borrowings, and

At the pre-tax level profits were even more sharply hit, with a 31 per cent decline from A\$29m to A\$20.5m after taking in interest costs of A\$8.8m against A\$5m and depreciation of A\$4.7m

THE HERALD and Weekly
Times, the Melbourne media is set at two Herald shares for each three Gotch, valuing the shares and an all-share bid for the remained of the remainder of the rem

Gordon and Gotch.

Herald blamed the fall in earnings for the half-year to March — from A\$14.51m—on a drop in advertising revenues for its afternoon. signs that retail advertisers were returning Total revenues improved by

12.8 per cent from A\$248.7m to
A\$280.5m, with the increase
attributed to the November
acquisition of suburban and rural newspaper interests in New South Wales.

The dividend is unchanged at 7.5 cents a share on increased

Losses mount but Saan sees recovery

By Our Johannesburg

SOUTH AFRICAN Associated Newspapers (Saan), the pub-lisher of the Cape Times, Financial Mail and Business Day, sharply increased its losses in the final three months of the 15 months to March but believes that it will return to profits during the current finan-cial year.

Turnover during the 15-month trading period was R157.1m (\$64.7m) against R138.1m in the preceding year. The operating loss before interest was R12.15m against R8.28m and the preciar loss increased to

R12.15m against R0.25m and the pre-tax loss increased to R18.49m from R7.45m.

The group made an attributable loss of R11.38 a share and a dividend has not been declared. In 1984 the loss was R2.15 a share and a control distribution of the loss was a control distribution. declared. In 1894 the loss was R3.15 a share and a total dividend of 25 cents was paid. Saan is indirectly controlled by Anglo American Corporation, South Africa's largest mining house.

Noranda disposal

Pan Australian Mining is to buy the stake of its partner, Norunda Australia, in the Mount Normal Australia, in the mount Leyshon gold venture near Charter e Towers in Queensland. The \$25.75m (US\$4.03m or £2.70m) deal will give Pan Australian sole ownership of the open-pit project which is due to come on stream later this year aiming at an annual gold output of 46,000 cz. our Mining Editor writes.

THE ST. PAUL

COMPANIES, INC

LTA dives deeper into the red By Jim Jones In John

LTA. onc of South Africa's leading civil engineering and construction groups, has suffered badly from domestic recession and foreign problems, which led in a sharply increased attributable loss in the year to March. the year in March.

Turnever fell to Ribn

(\$412.1m) from R1.14bn, nperating profits before interest for continuing eperations dropped to R11.8m from R16.8m and pre-tax profits were R1.8m against. R8.2m. However, the aftertax loss of operations which were discontinued during the year increased to Rism from R5.5m, while extraordinary provisions for terminating some of these activities increased the attributable loss

by a further R27.7m against only R2.1m in the preceding As a result, shareholders suffered an attributable taxed loss of R46.5m against the previous years loss of Rilm.
This translated into a loss of 142 cents a share before extraordinary items, against earnings of 8 cents - there

earnings of 8 cents a share Earlier this week Minrry and Roberts (M. & R.), LTA's

and Roberts (M. & R.). ITA's larger competitor, warned shareholders that it was likely to suffer an attributable loss of R35m this financial year. In March when they presented their interim report, M. & R's directors forecast attributable profits of R22m for the year in June. LTA was particularly hurt in Australia where the group's South African contections become a liability in tendering for state and private business. As a result the Australian arm was closted. The board says that the continued low level of investment and lack of confidence in South Africa make it difficult to forecast this year's performance.

performance.

LTA is controlled by Anglo American Corporation.

O Plate Glass and Shatter-prufe, the building products and automotive giass group, boosted pre-tax carnings 6.1 per cent to RSS.9m in its year to March, on turnover 28.8 per cent ahead at R1.89bm. It is maintaining the total dividend at 105 cents a share, paid from not profits alightly ahead at R32.9m or 202.5 ceuts a share against H32.1m or 200.7 ceuts par ahare.

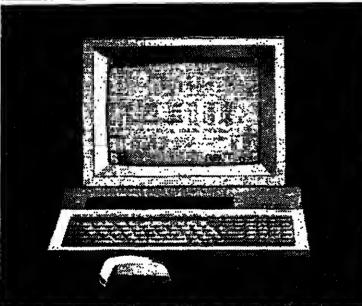


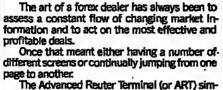
Vernon F. Taylor III

The election of Vernon F Taylor Ili to the Board has been announced by Placer Develop

Mr. Taylor is Chairman and Chief Executive Officer, and a Director, of Chemex Pharmaceuticals Inc., Deriver, Colorado. He is also a Director of Geodoma Resources Limited, Mr. Taylor, who holds a Bachelor of Science in Mineral Engineering from Stanford University, has worked as a non-ferrous and precious metals analyst with an investment bank and also brings experience in business admini stration, and mineral exploration to his duties on the Board, Places is a Vancouver based Canadia. Company with world-wide mining activities, and significant oil and gas interests in North America.

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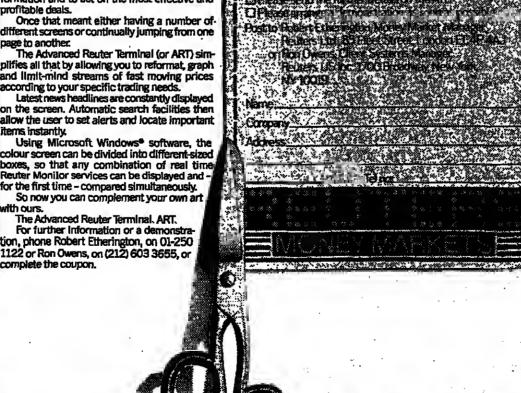


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INTERNATIONAL COMPANIES and FINANCE

French Eurobond market on the road to maturity

market, in its present incarnation just a year old, has acquired a new importance since the 5.8 per cent devaluation of the currency against the D-Mark within the European Monetary Systems (EMS)

NANCE

Since then, the strength of the French franc within the EMS has enabled the French franc Eurobpno market to draw a proportion of investors away the more established Eurobond market, D-Mark Eurobond market, which has seen the German currency trade near the floor of lts permitted EMS range. Although the market has

heen depressed recently because of domestic political uncertainties and in sympathy with the dollar sector, it continues to be sustained by firm expectations of lower interest rates in France.

Re-opened in April last year, Ke-opened in April last year, after a four-year suspension, the market has seen 36 issues since then totalling FFr17.88bn. The recent atrength of the cnr-rency has accelerated its development, in terms of both the volume and structure of issues. April saw a record number of honds launched—five, totalling FFr 3.1hn, During that month a FFr 500m deal for Province of Quebec signalled the sanctioning of 15-year bonds by the French Treasury.

Issues for Finland and Nederlandse Gasunie, launched

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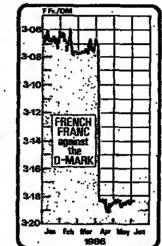
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May respectively, were priced with coupons of 74 per cent and 74 per cent in anticipation of the 4 point cut in hank hase rates that quickly followed their launch. Previously, issues bad tended to be launched on terms strictly in line with prevailing market rates. Two deals, for Compagnie Generale d'Electricite and Peugeot, have been for record amounts of FFr 1bn.
The market has also benefited from the partial dismantling of the component of the overthang of paper from a FFr 500m. from the partial dismantling of foreign? exchange controls announced by Mr Edouard Balladur, the Finance Minister. This orderly behaviour has

THE FRENCH Franc Eurohond securities quoted pn foreign priced paper, have become markets was then abolished. While this had never applied to Eurobonds, it had prevented the sale of equity-related bonds for foreign issuers in the French franc Eurobond market. Its removal should enable the market to take advantage of the relatively buoyant demand for equity-related instruments.

Despite this vigorous develop-

ment, the conduct of French issuing houses has remained circumspect. One French banker said: "There has been a conscious attempt to avoid the cut-throat beginnings of the Euroyen market."



Thus the calendars for May and June (totalling respectively FFr 2.6bn and FFr 1.6bn) were smaller than the April calendar to reflect the less euphoric mood of the market. At the end of May, the coupon on Peugeot's

FT INTERNATIONAL BOND SERVICE

Nevertheless, the market re-mains minor, not only in comparison with other Eurobond markete but also in comparison with the demestic French bond markets. Most of the substan-tial capital inflows drawn by the recent strength of the currency have heen channelled into domestic bonds. These ere exempt from withholding tax if issued after October 1984.
Government bonds, which accounted for 27.7 per cent of the domestic bond market on December 31, 1985, remain the most attractive investments for

foreign accounts. This area of the French franc market has therefore been the most pro-lific in producing new structures, such as zero-coupon bonds.
Given the relatively low liquidity of the market, aentiment is liable to change rapidly. This became clear last week after an unexpectedly high April trade deficit of FFr 4.8bn was announced, and in the light of growing algas of conflict between Mr Jacques Chirac, the Prime Minister, and President

Francois Mitterrand. Prancus Millerrand.

Peugeot had the ill-luck to launch a FFr Ihn hond into a market which had become jittery. French bankers described Pengeot's as "the woral deal since the reopening of the market." It was quoted at the end of last week at a hid price representing a discount to issue price of 21 per cent.

Some bankers have pointed ont that bonds of the hench-mark, size of FFT thu sbould have been launched for sovereign borrowers or multi-national companies, rather than

for CCE and Peugeot. Despite faltering recently, however, the French franc market remains sustained by the expectation that interest rates in France . will decline, during 1986. Upwardly revised esti-mates for inflation this year still put it at under 3 per cent. Recent developments in the market, therefore, look like on May 15. The foreign implied a maintenance of market, therefore, look like exchange premium—the sometime in the French franc stages on the road to maturity, called *flevise* titre—on purchases by French residents of market, flooded with tightly—EMS realignment phenomena.

substantial increase in borrowing

By John Wicks in Zurich

INTERNATIONAL Finance INTERNATIONAL Finance Corporation (FC), the private sector agency of the World Bank, plans to borrow around \$4bn on the capital markets during the five-year period 1985-89.

Mr Richard Frank, the corporation's director of finance and planning, said in Zurich vesterday that IFC

Zurich yesterday that IFC was carrying ont a "major expansion of its operation."
It intends to provide nearly \$7bn of financing in the period for some 400 new investments with a total value of around \$30bn.

This means that IFCa new

this means that IFC's new financial commitments will be roughly equal to those over the whole of the corporation's history. Since its foundation 29 years ago, IFC has approved about \$7.2bn for \$48 projects worth a total of \$18 projects worth a to \$30hn. For the 10-year period 1985-94 Mr Frank said borrowing requirements might amount to some \$60n

to \$7bn. Mr Frank was lotroducing IFC's first direct Swiss franc borrowing, involving the issue of SwFr 100m (\$55.5m) sevenyear bullet bonds in the form of a private placement. Proceeds are to be used to fund Swiss franc loans in the region, of some \$200m to \$250m.

The Swiss issue has brought total financial market borrowings for the year to June to the equivalent of \$350m: This figure had been intended not to exceed \$250m and the increase was the result of "sharp interest-rate declines, particularly during the second half of the fiscal year, and the excellent reception and fine pricing accorded to IPC's horrowing transactions," said

Mr Frank.
The corporation has had direct access to the capitat markets only since the end of 1984. In the first 18 months of 11s activities in this sector, it has raised over \$470m, in the Euromarket and in Germany and Switzerland.

Mr Frank said a substantial proportion, of IFC funding would in foture come from the capital markets. At the same time the corporation's capital will be mereased from \$550m to \$1.3bn by 1989.

الم ماساده الله ماسادهان Commercial paper for Metal Box

By Our Euromarkets Staff Metal Box, the UK packaging programme allowing it either
to issue Eurocommercial
paper in dollars, or to tap the
recently-launched sterling

recently-lannebed sterling commercial paper market.

The deal is the latest in which the ability to issue sterling paper is added to a Eurocommercial paper programme. The company already issues commercial paper.

gramme. The company already issues commercial paper in the the US and is rated Frime-1 by Moody's Investors. Service. It has appointed Citicorp Investment Bank, Swiss Bank Corporation International and S G Warburg as dealers for the new paper. It will use the programme to replace aborterm bank borrowings. Issues in dollars or sterling will depend on competitiveness of rates and precise borrowing requirements, but the company said it was "reasonably liquid" in sterling at present Metal Box is expected to invite hids for is expected to invite hids for dollar paper at the end of the

Foreign buyers boost Korea Fund assets

By William Hall in New York Overseas investors have injected an extra \$38m into. the Korea Fund, a closed-end investment company, which is standing at a very stream to its underlying net asset value because it is one asset valoe because it is one of the few ways foreign investors can invest in the Korean stockmarket.

Scudder, Stevens & Clark, the US brokerage firm which is managing the Korea Fund, has sold 1.24m shares lo a group of underwriters led by First Boston Corporation, swelling cet assets of the fund to \$130m.

The fund was launched in Angust 1984 through an Initial Public Offerlog in the US at \$12 a share. Non-Koreans are probletted from owning Korean shares and American Depositary Receipts are not evailable.

The shares of most closedend investment companies, which are similar to British investment trusts, sell at a substantial discount to net asset value. However, the Korea Fund is an exception by virtue of its privileged position in the Korean finan-cial markets and last Friday its shares were standing at \$321, a premium of 48.3 per cent over not asset value of

IFC plans Yamaichi launches deal in sterling

YAMAICHI INTERNATIONAL low coupons. Securities. The bond is part of a three-tranche financing, iwth an additional \$40m being offered in Europe, and \$30m in Asia, through Yamaichi Inler-

national (HR). All three tranches were trading well yesterday, hid at the level of their par issue prices. Dealers felt this reflected their relatively generous coupons: indicated at 31 per cent on the five-year sterling tranche, et 4 per cent on the 10-year Eurodollar tranche, nad at 31 per ceot on the seven-year

Asian deal.

Yamaichi said It bad priced a three-tranche financing, with 10-year Eurodollar tranche, and

the bonds "in realistic market terms" in view of the fact that many Japanese equity warrants deals are now trading at toss-making levels. This has arisen because, while yields on fixed-rate bonds have been rising, equity warrant bonds have con- industries. The coupon was set bond is tinued to be priced with very at 3½ per cent, as had been at 190½.

Japanese trading company.

The five-year bond is guaranleed by Dal-Ichi Kangyo Bank.
Pricing will lake place on June
10, but the coupon is indicated
at 2½ per cent. The warrants'
exercise premium is expected to

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at 2½ per cent, The warrants'
exercise premium is expected to he 21 per cent, and they will be exercisable throughout the

Nomura International launched towards the end of the afternoon a \$7Pm equity warrants bond for Maruetsu, the Japanese supermarkets chain. The five-year bond has a coupon of 21 per cent and a price of per, but other lerms will be fixed on June 13.

Yamaichi International

(Europe) took time off from launching their own deals to price a \$150m seven-year equity warrants bond for Fuji Heavy Industries. The coupon was set

YAMAICHI INTERNATIONAL, low coupons. indicated, and the xercise price The D-Mark market was (Europe) became the first Equity warrant bonds also at Y554. This represented a 2.5 buoyed by overnight strength indicated, and the xercise price

bond's life. Banque Paribas quoted a trading range of 99 10 \$15m 100, as against a par issue price. Varde.

Den norske Credithank's London subsidiary launched a floating-rate note for Varde, the ninth largest commercial bank in Denmark. The eight-year hond pays interest at the Swiss franc market point over six-month London traded more actively than interbank offered rate and has recently. Price changes were minimum conpon of 5½ per cent. Fees total 50 hasis points. The hond is caltable in 1991 and 1992 at 100½, and in 1993 at par.

Varde also horrowed DKr 100m yesterday, with a seven-year 98 per cent bond through Chase Manhattan. through Chase Manhattan. asse's SFr 150m 5
Varde itself was co-lead. The due 2002 traded price was set at 1001 and the time yesterday. bond is callable after six years price was 98 com

Japanese issuing house to run moved to centre-stage in the Ecu per cent premium over yester-the books on a sterling issue yesterday when it launched a Paribas as book-runner, and £20m equity warrants bond on hippon Kangyo Kakumura as behalf of its parent, Yamaichi lead-manager, launched an Securities. The bond is part of Ecu 100m both of or C. Itob, the \$200m 10-year floating-rate note for the unrated National Bank. Pricing will take place on June but the coupon was indicated at 1½ per ceni. The bond traded at about 105 bid, against a par issue price. Schweizerische

schaft (Deutscheland) priced a recent DM 100m equity warrants deal for Intershop. The coupon was set at 21 and the exercise price at SFr 890, the closing share price in Zurich yesterday. mixed. Union Bank of Switzerland arranged a SFr 86m five-year private placement for New Brunswick Electric Power Com-5 per cent and priced at 1004. Oesterreichische Postspark asse's SFr 150m 5 per cent bond

Novel rights issue finance for Alan Bond

MR ALAN BOND, chairman of Bond Corporation, the Australian hrewing, media and energy group, is financing his A\$100m sharebolding in Bond Corporaparticipation in a recent tion. Half of the shares provide for the company by means of a novel financing in the Swiss

of a SFr 200m private place debt. meol of notes issued hy a The vehicle company. Shield Enter- A\$6,

group, is financing his A\$100m sharebolding in Bonu corporate participation in a recent tion. Half of the share provide the collateral for the issue.

A\$196m one-for-two rights issue the collateral for the issue.

The halance of the proceeds roughly novel financing in the Swiss of the transaction, roughly franc hond market.

The financing takes the form solidate some of Dallhold's

meol of notes issued by a The conversion price is vehicle company. Shield Enterprises, and convertible into up to 25m Bond Corporation shares. The guarantor is Dallhold coupon is indicated at 64 per

price has more than doubled over the last year, during which the company has taken over Castlemaine Tooheys, giving it a large share of the Australian heer market. The share price has fallen from A\$4.20 since the mid-April rights issue,

Given the high conversion

in the Swiss franc market. Final terms will be fixed on June 17.

Bond Corner 17. cent, almost the level of premium investors in the bond "straight" fixed-rate financings will be protected by a prepay-

Denominations are SFr 20,000 and Soditic, the lead manager, said this was meant to discourage small investors. The issue will be public, rather than a private placement, but will not belisted. Swiss hankers commented that it was unlikely that the Zurich slock exchange would permit a listing for this type of transaction.

S & P to assess sovereign debt

BY ALEXANDER NICOLL

STANDARD & Poor's, the US debt rating agency, is to publish broad assessments of the credit quality of selected foreign sov
Six standard descriptions of clude Ireland and Italy. Bel-

Six standard descriptions of clude Ireland and Italy. Bel-

Capital notes from Mitsubishi Bank

MITSUBISHI BANK has presented a plan to the Japanese Ministry of Finance to strengthen its equity ratio through a \$100m issue of capital notes in the Euromar-kets, Yeko Shihata reports

ereign borrowers.

Six standard descriptions of clude Ireland and Italy. Bellowing the left of 16 governments of their request. The left to the letter rating system. It is a procession in the letter rating system. The assessments would provide later. The list, it said, wes give specific ratings because Six P says the letter-rating system requires the cooperations of clude Ireland and Italy. Bellowing immediately gium, Greece, Iceland, Malaysia, Portugal, Singapore, South Korea and Spain could be added later. The list, it said, wes based on recent and prospective widely used by US, British and system requires the cooperations of clude Ireland and Italy. Bellowing immediately improved issue, which would take place in the third quarter, would be the first such by a Japanese city (commercial) bank. Capital notes have been tive activity in the bond marking immediately improved issue, which would take place in the third quarter, would be the first such by a Japanese city (commercial) bank. Capital notes have been tive activity in the bond marking immediately immed

MAY 1986

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Midland Bank plc

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\$45,350,000



Ares-Serono Research & Development Limited Partnership

A limited partnership has been formed to research and develop two new therapeutic agents, livo enzyme immunoassays, and five surface plasmon resonance diagnostic tests. Pilgrim R&D. Inc., a wholly-owned subsidiary of the ARES-SERONO CROUP, will act as General Partner.

> The undersigned acted as the financial advisor and the placement agent for the partnership interests.

DEAN WITTER REYNOLDS INC.

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May 1956

INTL. COMPANIES

Geneva bourse set for future expansion

BY WILLIAM DULLFORCE IN GENEVA

new stock exchange yesterday, for Confederation mally announcing that it was now

stalled and successfully operating, the Geneva bourse has the means to expand its role as an international stock trading centre, Mr Georges Urban, president of the bourse com-

panies, of which more than half came from the US; 181 Swiss com-panies were quoted. Foreign bonds accounted for 770 of the 1,709 listed and new foreign issues outpaced do-mestic in the first months of this

The Geneva exchange feeds off the city's 120 banks and some 300 registered security dealers whose main husiness is managing portfolios. Turnover in 1985 measured SFr 210bn (\$113bn) an increase of 25.4 per cent over 1984, and that rate of growth was maintained in the first quarter of this year.

Trading was in fact switched in

GENEVA officially inaugurated its ed round the corner in the rue de la

The new bourse is inserted into equipped to cope with an expansion of business which has been averaging 25 per cent a year and has been cables of optical fibres. This constrongly boosted by foreign inves- struction was necessary because the site is at the bottom of the hill With advanced technology in- up which the old city climbs and only 4 metres above the groundwater

Foundations had to be specially strengthened against pressure from the hill and at the same time space had to be provided between the At the end of December, Geneva basement walls to cope with possilisted the shares of 211 foreign com-panies, of which more than half right climate for the computer cen-

> At a cost of some SFr 60m, Geneva now has a fully modern exchange with three trading rings one each for Swiss shares, foreign shares and bonds - which retain the traditional open outcry dealing method but are served by an electronic floor-reporting system giving real-time information on price movements.

Installed computer capacity is sufficient to handle the automatic transaction settlement and computer-aided trading systems which are March from the cramped quartes in the next steps in the programme of the rue Petitot, where Switzerland's oldest bourse had operated for the past 73 years, to the concrete and steel business centre being completised securities is being evaluated.

lyonnaire deseaux

At its May 14 1986 meeting, the Board of Directors of Lyonnaise des Eaux closed the consolidated accounts for the Below are the key financial data reported.

French Francs in millions Increase 93 note 1 Sales of which realized abroad 4.257 Net income before minimity 408.9 279.8 9T 3 interest Net income to the Group 148.8 FF72.87 Earnings per share Stockholders' equity 2,408 FF641.60 2 477 note 2 FF645.20 per share Funds provided by operations Capital expenditures

(1) The decrease in sales realized alroad essentially resulted from the decline in rate of exchange of the U.S. Dollar against the French Franc. and from changes in Group

(2) Equity as of December 31, 1985, reflects a negative translation adjustment (U.S. Dollar, Spanish Pesetat of 202 million francs.

202 million francs.

The increase in sales must be interpreted taking into account the effects of the following changes in Group consultation, due to acquisitions or disposals of investments in 1985—exclusion of the companies Sich and Intrafur-Cofor, addition of S.A.A.M. tMacani and C.C.C.D. (district heating)—changes in the consolidation methods for Forclum, Omnium de Cestion et de Financement and General Waterworks Group net income rose 58%. This advance reflects Degremont's recovery, satisfactory procress of profitability in the various inperating sectors of the Group (Water, Waste, Energy, Mortuary Services) and the continuing strong contribution from international operations, especially from the United States and Spain.

States and Spain.
Funds provided by operations augmented twice as fast as Funds provided by operations augmented twice as fast as sales, while capital expenditures also sharply increased. The Group pursued in 1985 its policy of technological development: 139 million francs were invested in research activities, and two new research centres were created in the Toulouse area and at Completen. Morcover, investments in personnet training were increased 25% in 1985. Lyonnaise will continue to strengthen its positions in its principal sectors, both in France and abroad its activities will be given a new dimension by the retent-developments achieved in the communication sector, especially in the operation of cahle networks.

in the operation of cahle networks,

Lutz goes to Chrysler

BY TERRY DODSWORTH IN NEW YORK

North American truck operations, has resigned to take a job at Chrys-ler only three months after be was moved back to the US from running

Ford's European operations.

The move was widely seen in Detroit as Mr Lutz's riposte to Ford's decision to shift him from Europe to

MR ROBERT Lutz, head of Ford's a joh which was apparently lower in the Ford executive hierarchy - executive vice-president of north

American truck operations.

Mr Lutz becomes executive vicepresident in the Chrysler Motors unit. He will be responsible for in-ternational operations, trucks and the group's component husinesses.

Acquisitions lift Danish brewer

By Hilary Barnes in Copenhagen

UNITED Breweries, Danish producer of Carisberg and Tuborg lagers, said first half sales revenues were up by 12 per cent, mainly from acquisitions and operating profits were ahead.

The interim report gives no fig-ures, but reveals that domestic seles were slightly lower than last year, partly because rising Danish taxes have encouraged buying of beer across the border in West Gerabroad, both from wholly owned breweries and under licence, bave increased, said the report.

 SDS, the big Danish savings bank, is setting up a wholly owned bond and share trading subsidiary The broking firm will take adva tage of a legislative change which ends the monopoly previously en-joyed by 26 broking firms on the Copenhagen stock exchange.

Jacobs buys more of Tidewater

AN INVESTOR group including Minstar, the takeover vehicle of Minneapolis investor Mr Irwin Jacobs, has raised its stake in Tidewa ter - owner of a large fleet of oil and gas vessels - to 4.48m shares, or 23 er cent

The group said, in an SEC filing that it bought 816,200 shares in Ti dewater between April 28 and May 27 at between \$6 and \$8 a share.

Tidewater last year rejected a \$415m takeover offer from Mr Jacobs worth an estimated \$25-\$28 e share. Mr Jacobs' group has resumed stock purchases after an agreement to limit its holdings to 15 per cent expired last November

Loews, the US cigarettes and fi-nancial services group, has lifted its stake in CBS, the broadcasting, records and publishing group, to 17.7 per cent. In an SEC filing the company said it held 4.17m CBS shares, including 254,800 acquired during April and May at between \$133 and \$134.375 each.

ANNUAL MEETING OF SHAREHOLDERS

The Annual Meeting of Accor shareholders approved the Group's The Annual Meeting of Accor shareholders approved the Group's 1985 financial statements. Net earnings for the year excluding exceptional items, amounted to FF 178.2 million, an increase of 25.5% as compared to 1984, and an increase of nearly 100% as compared to 1983, the year the Accor Group was formed.

After tax earnings per share before exceptional items rose 18.2% over the 1984 figure. The Meeting voted a per share dividend payment of FF 5.80 (to which is added a tax credit of FF 2.90 for a total yield of FF 8.70 per share), an increase of 18.4% over the 1984 dividend. The dividend is payable August 4, 1986.

These results stem from the policy of strong growth Accor has applied over the last several years in France and abroad in the four business sectors in which we intend to be among the world leaders: Hotels, Commercial Restaurants, Institutional Food Service and Meal Vouchers.

four business sectors in which we intend to be among the world leaders: Hotels, Commercial Restaurants, Institutional Food Service and Meal Vouchers.

Our first objective: growth in Europe

Accor, now operating in 64 countries, is moving closer to achieving its objective of a strong European presence outside France. In 1986, we will begin to reap the fruits of our investments in Germany, Great Britain and the Benelux countries.

Our second objective: quality products and services

Accor's policy is to offer strong, clearly defined products and services whose quality combined with Group productivity are in great part responsible for our growth in profits. The ambitious training programmes developed and offered throughout the Group are one of the cornerstones of this policy.

1986 will be a year of further expansion in France and in other international markets in our main sectors of operation:

In France, where our soccessful takeover bid for the CNIT, Paris' largest exhibition centre, will give us another base for domestic growth:

In Africa, and above all in North America, where we plan to strengthen and expand the projects now under way:

In South East Asia and the Far East, where we will continue to ploneer in the hotel sector, as demonstrated by our picent association with Shul-On, a large Chinese construction contents as a service of the sales and earnings have progressed satisfactorily and the first forms.

Both sales and earnings have progressed satisfactorily in the first four months of 1986. They have surpassed the objectives set, in a time context in which the price controls clamped off the hotel industry in France will finally be lifted. This will allow us the flexibility we need for fast reaction to changing market thands. Growth in Accor's 1986 consolidated net incor

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POWER FINANCIAL CORPORATION







(Photos: Messrs. Burns, Desmarcis Jr., Plessis-Rélair)

The Board of Directors of Power Financial Corporation is pleased to announce the appointment of James W. Buras as Chairman and Chief Executive Officer, Paul Desmarals Jr. as President and Michel Plessis-Belair, C.A., as Senior Vice-President, Finance and Administration.

The Board also announced the appointments of A. Frank Knowles, C.A., as Deputy Chairman and The Honourable P. Michael Pitfield, P.C., Q.C., as Vice-Chairman.

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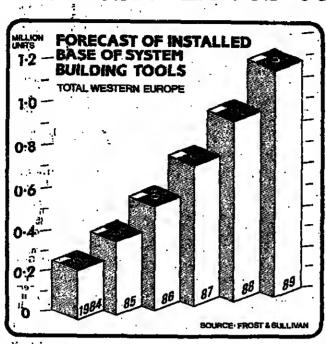
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TECHNOLOGY: Computing

Programmers are forced to take their own medicine as large projects yield to computerisation

Fresh moves to end the 'software crisis'



reliable software years. quickly and economically has been the bane of the computer industry for virtually its entire

There have been substantial improvements in productivity and reliability in recent years through the use of high level languages and formal methods for undertaking software pro-jects. But occording to a study carried out by PA Computers and Telecommunications, more than 50 per cent of software projects in the UK last year overran on both time and cost. principles. With an anxious eye to the massively more complex programs planned for tomorrow's for example. Builders follow systems, some ore already describing the situation as a "software crisis."

"uch alarmist views, however,

are not universal. Mr Philip
Hughes, ebairman of the UKbased computing services company Logica, told an evening
meeting of the Royal Society
last month that the problem had

"What we bave is a series of development problems rather than a crisis," he said, going on to make the case for profound improvements in the reliability. performance, maintainability and portability of tomorrow's software.

The key to improvement is usually thought to lie in "soft-ware engineering," attempts to change the software development process from an undisciplined art to a formal science based on engineering

plans and agreed practices to ensure their construction will be well-found, safe and completed lose to schedule. Software impact has not been fully construction realised."

SOLVING the riddle of how to stretched back over the past 25 developing computer-based technology reliable software years. the production of the software itself easier and more economi-

cal.
The PA study suggests that software methodologies are already in widespread use, but that software fools have yet to

be fully exploited.
It says: "Use of available tools is low in software projects, suggesting limited awareness or their potential benefits."

based market consultancy Frost and Sullivan makes a similar argument: "It is clear that system building tools (software tools) will have a distinct role to play in the systems development process of the future. As yet, however, their potential

Their widespread use is being beld back, Frost and Sullivan suggests, because data processing departments are conserva-tive and concerned about the

THE brightest stars in the

software engineering firma-ment are Integrated Project Support Environments or

IPSEs, ambitions attempts to create computer-based man-

agement systems for the coutral of large software

GEC Software, a subsidiary

which the electronics giant established in 1983 with tho

object of developing software engineering tools far use within GEC and for sale out-

side, late last month announ-eed a special kind of IPSE it calls GENOS.

The simplest way to under-stand an IPSE is to regard it as a database, o collection of all the information about a

all the information about a project so arranged that each member of the project team can have access to the information necessary for their work and which makes it difficult or impossible for them to break the agreed rules of the project—the date by which a certain piece of work should be complete, for example, or the exact definition of a piece of data.

According to Mr Derek Alway, GEC Software manag-

tion of a piece of data.

projects.

Software engineering methods in large scale projects

Respondents using Softwore engineering	Users who consider it affective	Vo Usc usii Anioma Too	
83	75	15 27	
81	84	27	
76	77	9	
73	91	9 15	
65	85	15	
47	60	2	
48	77	24	
Source. PA Compu	iters and Teleco	mmunical	
	Respondents using Softwore engineering 83 81 76 73 65 47	Respondents Users who Softwore consider traffective	

A study by the New York- de-skilling of their jobs through advantage comes from combin-

automation. The rewards from the use of these advanced new tools could be substantial, bowever. PA estimates that in the UK alone, benefits from the use of software tools could amount to annual savings of about £360m: "The equivalent of releasing about 24,000 software eagineeriog staff to undertake additional development."

But software tools used on

Framework for better projects

whether it be a traditional

file-based system, an advanced relational model or even the

Esprit-funded European Port-

able Common Tool Environ-ment (PCTE) which only exists as yet in demonstrator

GENOS is, in fact, o frame-

work for an IPSE which makes the best use of what

the customer has already. According to Mr Alway: "We

implemented GENOS in o pragmatic way so that it can be used with today's tech-

nology. Customers can use it

right away. And we used an open architecture so they can

ing formal development methodologies with computer-based tools. This page features three recently announced software engineering methodologies which point the way towards automated software production and the end of the "software crisis."

BY ALAN CANE

* Benefits of Software Engineering Methods and Tools, Department of Trade and Industry, 225. "System Building Tools their own are of little benefii, Morket in Europe, Frost and the study shows. Maximum Sultivan, \$2,150.

It is independent of hard-

ware, operating system or database technology and de-

pends on common displays with standard forms, menus

The beart of the system is the "Environment Adminis-trator's Toolkit"—a piece of

software used by the project manager to set the rules for

the organisation of the pro-ject and define the role of each member of the project

According to GEC: "GENOS

offers increased security over standard operating system mechanisms because users

cannot move outside the role specified for them . . . it aniu-

matically constrains users to the tools, files and methods of accessing data specified by the Environment Administra-

Although the advantages of

sueb detailed management control are clear, it is also

and screen windows.

Just as you'd come to terms with Microprocessors – they invented ASICs See and hear all about the new electronics

Full tool kit for the top 1,000

WHILE GEC Software provides the framework for an IPSE, imperial Software has developed in its ISTAR product, announced earlier this year, a complete and dedicated set of software tools and databases. This is reflected in the price — £2,000 per team member with a minimum of 100 members in the team to justify the investment.

Vic Steaning, Imperial's technical director, set out to create io ISTAR a comprehen-sive software engineering tool-kit which would cover the full product life cycle, from initial identification of the customer's requirements to maintenance and development of the final

Uoconventionally, there is no central database. Instead a project is split up into a num-ber of "contracts" with its own team of programmers and a manager as the metaphorical

Each contract has its own autonomous relational data-

A wide raage of software tools is already available, from time and cost estimation through to electronic mail for communication between ISTAR team members.

Project environments like ISTAR arc at present only for large companies. The PA report concluded that only between 600 and 1,000 companies in the UK could be considered potential purchasers of the larger software engineering products.

Imperial's initial target market is accordingly the major software producers — systems companies and computer manu-

facturers.

Now the search is on for ways to computerise the production of software engineering tools. of software engineering tools. In February, this year, Imperial started a new project, Genesis, part funded by the European Esprit initiative to build a software tool to build sofeware tools.

Workbench which will kill coding drudgery

POETS AND programmers like metaphors which hint at sweat and dirty fingernails. W. H. Auden bad his "Cave of Making." his study where verses ability to construct on the were manufactured; program screen, and in colour, diagrams bave "workbenches" showing the relationship where code is machined out of between different segments of

workbenches has been developed by management consultants Arthur Young in cooperation with, Knowledgeware, a US company, beaded by Mr James Martin, a well known and re-spected adata processing consultant, i

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MAC

Contracting

It aims to replace much of that programmer intellect by computer power. Indeed, by

pure intellect. Or so they would have you believe.

The latest and most innovative of these programmers' sold by Information Engineering workbenches has been developed. Products, the marketing arm of James Martin Associates, makea possible the creation of data flow diagrams, data model diagrams and so on directly on

the computer screen.
The Arthur Young system. bowever, does not simply store each diagram but tests that new work is consistent with work already done. It all depends on an "encyclopaedia," a piece of software buried deep in the computer power. Indeed, by next year it should be possible to generate entire programs in a language the computer can understand from a system specification without human intervention.

Arthur Young's Information Engineering Workbench is a powerful personal computer running computer alded design (CAD) and expert system (CAD) and expert system (CAD) and designed to auto
already done. R all depends on 1,000 rules drawn from the collective wisdom of a panel of a buman programmer uses to write code for the computer. And the encyclopaedia is a relational database, a memory technique which enables the programmer to look at the lessly' to a program generator of different ways.

Arthur Young claims to be computed for the computing techniques. The graphical work on the screen out on its own at present with software, and designed to auto
Separate lunian programmer uses to write code for the computer. The plan next year when a feating information engineers.

And the encyclopaedia is a memory technique which enables the programmer to look at the separate kinds of advanced of different ways.

Arthur Young claims to be computed for the computer with the encyclopaedia is a meaning of each the encyclopaedia is a relational database, a memory technique which enables the program generator of different ways.

Arthur Young claims to be computed for the computer with the encyclopaedia is a mainframe version is available is to link the workbench "Seam-relational database, a memory the plan next year when a feating information engineers.

And the encyclopaedia is a mainframe version is available is to link the workbench with will nutomatically produce programs written of the computer.

Arthur Young claims to be computed for the computer with the encyclopaedia is a mainframe version is available in the encyclopaedia is a memory the plan next year when a feating information engineers.

And the encyclopaedia is a mainframe version is available in the encyclopaedia is a mainframe version is available of the computer.

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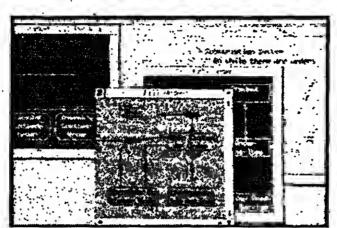
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programming easier

of the information in the dia-grams is the responsibility of a sion and a number of major oil knowledge coordinator, an ex-pert system containing over The system currently puts

is handled by Gem software develop quickly now it has from Digital Research.

The meaning and consistency tomers include Midland Bank,

1,000 rules drawn from the collective wisdom of a panel of leading information engineers.

And the encyclopaedia is a relational database, a memory technique which enables the programmer to look at the lessly" to a program generator stored information in a variety which will nuteomatically pro-

World

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World

ing director, GENOS works in a rather novel way. it is so designed that it will eperate with any database slot in any variety of software engineering tool—ones they have written themselves, for example, or even tools written by our competitors." Tools which are already available from GEC include GECOMO, an aid to estimating software development and maintenance costs and

VADS, a system for develop-ing the advanced computer language Ada, from Verdix Corporation.

The vital part of GENOS is what is called the common user interface, a system which makes the controls necessary for all the various compon-ents of the IPSE seem the

obvious why PA and Frost & Sullivan (see the introductory article) identified antipathy among traditionally trained programming staff (o such methodologies.

A basic GENOS framework costs from £6,000 running on a Sun-3 workstation to £24,000 on a DEC VAX 11/780. Soft-

Company Notices

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per cent of their Base Amount The dollar amount of payment of principal, premium and interest accrued to and including July 6, 1966 shall be calculated by applying the provisions of Condition 7(C) of the terms and conditions of the Bonds.

Payment of the above-mentioned amount will be made on or after July 7, 1986 upon presentation and surrender of Bonds, together with all compons appertaining thereto maturing after the redemption date at the principal office of The Mitsui Bank, Limited, 34/35 King Street, London EC2V 8ES or at the office of Kredietbank S.A. Luxembourgeoise, 43 Boulevard Royal, Luxembourg, Luxembourg or at the office of Kuwait International Investment Co. s.a.k., Al Salhia Commercial Complex, Kuwait City, Kuwait. ON AND AFTER JULY 7, 1986, INTEREST ON THE BONDS

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At the meeting of the holders of the Bonds, held oo 4th June, 1986, the extraordinary resolution to connection with the proposal for redemption of the Bonds ("the Bond proposal") was duly passed. In accordance with the terms of that resolution, the conversion rights attaching to the Bonds are suspended until the date upon which redemption takes place, which date will be notified to holders of the Bonds once the Bond proposal becomes unconditional, as stated below.

At the meeting of the minority shareholders of Eastern Asia Navigation Company Limited ("EAN"), also held oo 4th June, 1986, and convened by direction of the Supreme Court of Hong Kong ("the Court") to approve the proposal for the acquisition by Maritime Finance and Capital Corporation of the minority interests in EAN by a Scheme of Arrangement ("the Scheme"), the resolution approving the Scheme was duly passed and at the subsequent Extraordinary General Meeting of the shareholders of EAN the resolution approving the Scheme and the steps required to implement it was also passed.

The Hearing of the Petition to sanction the Scheme is expected to be The Hearing of the Petition to sanction the Scheme is expected to be

held on 23rd June, 1986. Assuming the Scheme is approved by the Court, it is expected to become effective on 24th June, 1986. Thereupon, the Bond proposal will become unconditional and notice will be given to the bolders of the Bonds of the date upon which the Bonds are to be redeemed.

By Order of the Board of EASTERN ASIA NAVIGATION COMPANY LIMITED
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2. "Thet Mr. K. J. Jackson, who retires by rotation, be and is hereby re-elected a Director of the Company."

3. "That Enth Zain Asabari bin Zainat Abiolin, who retires by rotation, be and is boreby re-elected a Director of the Company."

4. "Thet Mr. Sassa, Marwick, Mitchell & Cia. who are eligible and have given their couvent for re-appointment, be and are hereby re-appointed the Company."

By Treer of the Board by the Board."

By Treer of the Board by the Board.

By order of the Board ABOUL MALEK ABOUL MAJIO WAN MOHAMED WAN YUSOFF

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Nigel Pullman

Reed profit surge prompts 10% jump in market value

Reed International astonished the market yesterday with e 39 per cent jump in second half pre-tax profits, bringing the total for the year to end March to £137.4m, 28 per cent up on lest year. Reed shares closed 86p higher at 930p. The bulk of the profit

increase came in paper and packaging, sectors in which Reed has reduced its involvement over the years. Journal and consumer publishing, targeted as a growth sector, showed lower profits.

There was e particularly sharp improvement in the Eurosharp improvement in the Euro-pean paper division, where profits went from last year's £2.3m to £14.9m for the year. Mr Kenneth Morton, group finance director, said the improvement was due to the combination of greater energy efficiency and lower raw material costs

material costs.

In the past few years Reed has closed a number of its less profitable mills in the UK, and switched from oil-fired plants to switched from olf-free plants to coal or natural gaa. In addition, 85 per cent of the group's paper-making capacity is now based on waste paper, pricea for which have slumped in recent

Profits from North American paper almost doubled, from 27.9m to £14.2m. Mr Morton said that a three-year rebuild programme for the four mochines at the Quebec mill, which had increased capacity by year, had been completed in and consumer publishing saw year at 22.5p.

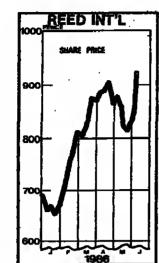
May. "It was the first time profits fall from £10.9m to. Se

HS continues US expansion

Hawker Siddeley, inter-national electrical and mech-anical engineering group, bas purchased for US\$10m (£6.5m) cash Electro Corporation, a privately-owned concern based in Sarasota, Florida.

Electro manufactures a range of motion, presence and posi-tion sensing components and equipment for the industrial, automotive, military and aerospace markets.

Hawker says that its con-tinuing strategy of expanding the electrical and mechanical



ha sald.

Packaging profits jumped from £18.4m to £27.4m. "Every unit had a good year," Mr Mor-ton said. "We have had a number of redundancies in past years, and these figures include around £2m of provisions."
Raw materials, linerboard in
particular, were cheaper, and
the group's investment in plastic packaging bad started to pay

£7.0m. Mr Morton said "we spent some £10m on consumer magazines, selling 10 relatively insignificant titles and reduc the labour force by 450. But the payoff will be rapid, and we are feeling very comfortable ebout the division now."

The figures included excep-tional losses of £12.7m, made up of £22m losses on rationalisation and the sale of some busi-nesses offsel by profits on the sale of the Reuters bolding and other businesses of £9m. Extraordinary costs below the line of £15.4m were due to the sale of the building products division, offset by a small profit on tha sale of the decorative

There was a one-off gain of £13m from reduced contributions to the group pension fund. Mr Morton stressed thet this was not epension holiday, but a lower level of contribution which would be actuarially sustainable at least until the

The tax charge fell from an effective 40 per cent to 31 per cent. Mr Morton said this was due to three factors—the lower rate of standard UK tax, an £8m-clawback on ACT dne to increased UK profits, and zero tax on doubled profits in Canada due to the \$100m investment at

the Quebec mill.

Earnings per share were 48 The Reed publishing division per cent bigher at 79.5p. The produced e modest profit final dividend was 16p, making increase from £56.4m to £67.2m. a 22 per cent increase for the

Carl Fischer move blocks £8m offer for Boosey

BY CHARLES BATCHELOR

Carl Fischer, the private US music publisher which is the largest shareholder in Boosey & Hawkes, yesterday increased its stake to 50.1 per cent in a move which blocked last month's £8m bid approach from Music Sales.

Barclays Merchant Bank, acting oo behalf of Fischer, bought 20,835 of Boosey's 4.9 per cent £1 preference shares for 127.25p eech. Fischer and its Employees' Retirement Income 127.25p eech. Fischer and its owned British sheet music publisher, offered 215p cash for Plan previously held a 49.25 per ceot stake.

Ronald Asserson, the Boosey chairman, in his efforts to turn the company round. Each pref-erence share carries four votes. While Fischer's previous holding of just under 50 per cent gave it effective control of Boosey the additional share purchase made any bostile bid impossible, Barclays edded.

Music Sales, a privatelybrings tha turnover of the group's subsidiaries there to more than £250m.

per ceot stake.

Barclays said the purchase Boosey's shares were unchanged bad been made to support Mr at 180p yesterday.

Wight **Collins** listing suspended

THE SHARES in the advertising agency, Wight Collins Rutherford Scott, were suspended yesterday. The agency has just concluded the acquisition of the London advertising agency, FCO, and is understood to be in the final stages of acquiring the advertising and public ations group, HBM-

Wight Collins has been scouting about for acquisisconting about for acquisi-tion opportunities in the US for the last year or so. HBM-Creamer, which is the 24th largest advertising agency and 15th largest public relations consultancy in the US, was formed by the merger of Boston-based HBM and the New York agency, Creamer,

Last year HBM-Creamer had billings of \$318m (£213m) according to the US magazine, Advertising Age. Its largest clients include Nestle, Digital, Sheraton Hotels and

The acquisition of HBM-Creamer would represent Wight Collins's first diversification overseas. The deal is thought to be worth around £25m. A spokeswoman for Wight Collins said that the agency "could neither con-firm, nor deny" reports of the

Since its fletation in September 1984 Wight Collins has adopted an active acquisi-tion policy. It purchased the public relations consultancy, Biss Lancaster, in February last year, and agreed terms with FCO last month.

The agency has agreed to acquire FCO for a maximum of £6.75m, composed of £1.5m in cash. £1.5m in shares and a profit-related consideration. after completion, FCO will function as an autonomous agency within Wight Collins.

When its preliminar results are announced next month, Wight Collins is ex-pected to produce pre-tax profits of £2.5m in the year ta April 30, an increase of 66 per cent on the previous Lisa Wood on Dee's proposed £686m purchase of Fine Fare

Gateway to the first division

Dee Corporation, with its In International stores, Gateway Food markets and Carrefour superstores, yesterday was promoted to the first division of UK food retailers with its agreed purchase of the Fine Fare and Shoppers Paradise outlets of Associated British Foods.

Dee described the proposed deal as "a strategic opportunity" while Associated British Foods, one of the UK's biggest millers and bakers with brands including Sunblest, welcomed the opportunity to relinquish its food retailing interests in order to concentrate on food manufacturing.

The Fine Fare group, middle ranking food retailer with annual sales of some £1.2bn, operates 280 stores under the Fine Fare banner and 139 under the Sboppers Paradise limited-range discount store fascia.

The group has e strong regional presence in Scotland, the North East and the Midlands. The deal should make a sang geographical fit: Dee, with 12 Carrefour and 751 Gateway outlets, with sales of £1.85bn a year, is strongest in Wales and the South of England and has no Scottish presence.

According to Dee, the merged business will command some 11 per cent of the UK, packaged grocery business after the dis-posal of a limited number of

Measurement of the UK packaged grocery business (which excludes the fast growing fresh foods business) by AGB, the research organisation, ranks Sainsbury as having 17.8 percent of this trade and Tesco 13.2 per cent. Dee's acquisition moves it into third place ahead of the Coop. of the Co-op.

The deal comes hard on the beels of Dee's £276m acquisi-tion of Harman's sporting goods, a leading sports retailing chain.

Dee said yesterday that in "an ideal world" it would have liked to bave speced the two acquisitions over a longer period so that sharebolders would not have had to contemplate another major trans-action so soon.

action so soon.

The deal does not, however, come as a surprise to the City after some weeks of speculation over the intentions of Mr Aléc Monk, chairman of Dee who has emerged as one of the UK's brightest retailing entrepreneurs forged from a similar mould as Mr. James Gulliver, chairman of Argyll which owns the Presto Supermarkets.

Since foining Dee in 1981 (then called Linfood Holdings) Mr Monk has carved his repu-tation by the simple expedient



Mr Alec Monk (right), the chairman of Dee Corporation, and Mr Gary Weston, the chairman of Associated British Foods

of taking over small and the rationale behind the deal medium-sized grocery chains Mr John Richards, of Wood that were unable to compete Mackenzie said: This is in the aggressive market place and turning them into well managed businesses.

There have been disappointments though, such as the abortive bid in 1985 far Booker McConnell, the food distribution, agricultural and bealth products group.

Measurement of the UK pack-ged grocery business (which benefits of economies of scale and the ability to generate a strong cash flow to enable it to invest at the high levels now being recorded by other

of the major multiples in their attempts to improve their images and locations. The City yesterday accepted

Mr John Richards, of Wood Mackenzie said: "This is another twist in the competitive spiral." He said the impact would be greetest on the smaller retailers and the second rate. He added that although the deal put Dee alongside the major players it atill had e lot of work to do on both the fabric and the image of its outlets. image of its outlets. Mr Richards compared Dee's

strategy favourably with that of Argyll. "Mr Monk is nearly there. Mr Gulliver of Argyll is not he said.

Dee yesterday detailed its strategy with the new outlets being divided between its High

national stores—and the out-of-town Carrefour superstores Fine Fare outlets of less than 30,000 sq ft will be integrated into the Gateway chain. These of more than 30,000 sq ft will become part of the fast-expanding Carrefour chain which taking into account the recently acquired former Woolco stores, are forecast to grow from the present 12 to some 70.

Dee said: "The integration of these large stores under the Carrelour fascia will give rise to very significant economies of scale, more effective advertising and data processing, improved buying of non-food lioes, a lower ratio of overheads to sales and, therefore, better margins, improved distribution costa, greater financial strengths and the ability to command greater access to potential large

Not said Dee that the incre-mental benefits would arise immediately. Some could take at least three years to fully

materialise.
In giving a glimpse of even tougher competition for expensive out-of-town sites. Dee said that its improved balance sheet would provide it with the platform to "compete on more equal terms with the other leading food retailers for sites." It is all part of the treed towards greater concentration of buying power in the hands of the major retailers. It is of the major retailers. It is ironical and indicative of the growth of Dec that in 1983 the Monopolies and Mergers Commission, investigating the then Linfood Holdings bid for Fitch Lovell, the food group, concluded that "in spite of increased huxing power the mergers and proper the mergers." strategy with the new outlets creased buying power the merbeing divided between its High Street Gateway Food markets—which are currently incorporating the downmarket Inter-

Largest ever vendor placing in the City

DEE CORPORATION'S proposed purchase of Fine Fare for around £686m includes the seen in the City of London:
147.5m new Dee ordinary
shares placed at 237p to raise
£349.6m, writes Lional Barber.

E349.6m, writes Lional Barber.
Dee is also issuing to Associated British Foods (ABF),
Fine Fare's parent, 135m new ordinary shares which means that ABF will take a 15.4 per cent stake in the new enlarged group.
As a result, Dee will increase its total issued share capital by 32 per cent to 877.6m ordinary shares.
Under the deal, the shares issued to ABF will be fully paid. The shares to be placed will be sold at 237p. each, in partly-paid: fostin: 2400p per

larly in the fuel distribution

private

share to be paid on applica-tion, with 137p per 2hare due for payment on September 26 1986.

Lazard Brothers is conditionally placing the 147.5m new ordinary shares. The placing has been jointly underwritten by Lazard Brothers and Swiss Bank Corporation, with Rowe & Pitman acting as brokers to the placing. the placing. Existing sharebolders will

be entitled to apply for 110,603,881 ordinary shares — 75 per cent of the shares conditionally placed at 237p per share, partly paid, Shareholders will be able to apply for any number of shares, though supply will depend on demand. Applications in a proper

every 17 existing registered shares beld on May 30 will be

shares beld on May 40 will be satisfied in full.

Dee is acquiring the outstanding debentures of Fine Fare totalling £349.6m (to be satisfied by the vendor placing). Included in these debentures is a lean of £36.6m which will be represented by a corresponding cash balance in the Fine Fare group when

it is hought by Dee.

ABF has undertaken to retain its 15.4 per cent stake in Dee for at least six months. It has also undertakn to sell no more than 30m shares during the following six months. It has agreed not to sell any of the shares for two years without prior censula-tion with Dee, Lazard said:

TURNOVER

UP 87.9%

PROFITS £4.8m

TV-am has consistently achieved a 64% share of the breakfast T.V. audience, reaching an average weekly audience in excess of 12.5 million. Advertising revenue over the past two years has grown from £7m to £28.8m.

Mr. Timothy Aitken, the Chairman, stated "TV-am is now established as a profitable business, broadcasting the most popular breakfast television in the UK.

"Since the end of the year a scheme of arrangement became effective under which the accumulated deficit on the profit and loss account was substantially reduced.

1985 represented an important milestone in the development of TV-am and the autlook for the current year is encouraging."

If you would like to find out the inside story of Britain's most popular breakfast television programme, please write for a

Crescent, London NWI 8EF.

TWO YEAR REVIEW	Years ended 3	s ended 31 January			
	1985 2 000	1986 \$000			
Tumover	15,582	29,273			
Operating profit/(loss) before Exchequer levy	(1,547)	9,372			
Profit/(loss) on ordinary activities before taxation	n (2,091)	4,827			
Profit/(loss) on ordinary autivities after taxation	(2091)	4,761			

copy of the annual report to The Finance Director,

TV-am Limited, Breakfast Television Centre, Hawley

BRITAIN'S No. 1 BREAKFAST-TV PROGRAMME

Bardon Hill 9% higher

Bardon Hill Group, the Leicester-based quarrying concern, raised pre-tax vofits by 9 per cent from £4.29m to £4.67m for the year ended March 31, 1986. sector.

Bardon Hill now has fuel dis-

Turnover was boosted significantly from £33.2m to £77.9m, by £39m achieved from fuel distribution activities, part of the Vectis Stone group acquired in August, 1985.

After tax earnings per 10p share increased from 7.89p to 8.76p. There is a final dividend of 2.35p making a total of 3.25p compared with 2.82p.

Tha company shares are traded on the Over-The-Counter market by Granville & Co.
Mr Peter Tom, the chairman, says he is confident that the company's recent ecquisitions will strengthen the company's

J. S. Pathology beats forecast

Compared with a forecast of Compared with a forecast of £1.9m for the year ended March 31 1986, USM-newcomer JS Pathelogy bas turned in taxable profils of £2.11m against a previous £1.36m, a rise of 55 per cent. Turnover expanded by 30 per cent from £4.25m to £5.52m.

Mrs Jaan Shanks, chairman says the current year has started satisfactorily and, short of unforseen circumstances, is confident of continued growth. Profits were after interes income of £325,000 (£155,000) and subject to tax of £856,000, compared with £617,000. Earnings per ahare are given as 10.8p (6.6p) while e final, single, dividend of 1.33p will absorb £159,000 (nil).

JS, an independent clinical pathology laboratory, joined the USM last year with a placing of 1.88m shares at 160p each, which gave a market capitalisa-tion of £19m.

FRAMLINGTON has agreed in principle to manage, with Tenneco Financial Services of the US, a mutual fund to be marketed by Tenneco in the US. The fund will be called Framlington International Fund and will invest for capital growth in equities outside North America. Subject to approval the fund will be launched in October.

INVESTMENT COMPANY has made earnings per 25p share of 3.87p (3.66p) in the year ended March 31 1986 and is raising the dividend to 1.17p (1.05p) with a final of 0.73p. Interim was waived in respect of 7.43m shares, saving £32,000; final has been received. been waived on 7.46m shares saving £54,000. Gross income saving £54,000 01. £920,000 (£869,000).

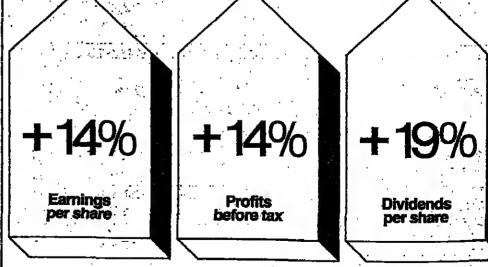
while providing it with valuable access to new markets, particu-

DIVIDENDS ANNOUNCED Date Corre- Total Total of spooding for last Payment payment July 1 JS Pathology 1.33 Reed Int. Sterling Publishingt... TR N. America

tribution operations covering South London, Kent, Sussex, the Isle of Wight, the Channel Islands and South Wales. Around 20 per cent of the compay's shares—are—held by institutions and private stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § Over-the-Co unter stock.

MCORQUODALE PLC

Interim Results for the half year ended 31 March 1986



New market and business opportunities are constantly being examined ::

The group is confident of sustaining organic growth. All businesses - International Security printing, Book and Magazine printing, Publishing, and Packaging and International colour cards-report improvements.

Results confirm nine year trend in profit growth.

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147

UK COMPANY NEWS

JFB profit held back by irregularities at offshoot

Firth Brown, Shefffeld-based metals and group, has engineering "group, announced first-half profits of £1.8m, 28 per cent better than last year's first half. The company said that its performance would have been substantially better had it not been for a £1.3m los over the last few years at the group's subsidiary: Gills Pressure Castings, which weer due to financial irregularities.

Thanks to a major internal investigation, the company hapes that the restructured Gills will incur a reduced loss of £150,000 in the second hal.

of £150,000 in the second halfirst-half losses were around £450,000, including a one-off factory closure costing £150,000. The board is paying one balf of the preference dividend arrears, covering the 18 months period to March 21 1984, which will be resident to the preference dividend to march 21 1984, which will be resident to the preference dividend to be a few to the preference of the will be paid on July 14 1986. It is intended to pay the balance of arrears after the final results for the current financial year

Mansfield in £13m sale to J. W. Cameron

Mansfield Brewery is selling 78 pubs and clubs and a further 12 licensed sites to J. W. Cameron, the Hartlepool-based brewery for £13m in cash. Most of the properties being North Country Brewery, the Hull-based brewing division of Northern Foods, which Mans-field acquired in May 1985 for

Mansfield plans to spend the proceeds, of the sale on refurbishing and modernising its remaining outlets. its remaining outlets.
Immediately before the sale to
Cameron it owned more than
400 outlets and distributed to
more than 1,100, mainly in
north Nottinghamshire, South
Yorkshire and Humberside.
This deal will expand

Cameron's existing operations in Humberside and South Yorkshire. Cameron is a wholly-owned subsidiary of Ellerman

Holdings which also owns Tollemache and Cobbold of Completion of the sale is expected by the end of June.

Lloyds extends Standard offer

its £1.2bn takeover bid for Standard Chartered Bank until 3.00 pm on June 24. By Tuesday's first deadine for acceptances, Lloyds had received only 0.29 per cent of Standard's shares, it reported to the control of the co yesterday. These did not include the 0.28 per cent of Standard's shares held by Lloyds staff pension funds. which have not yet decided whether to accept the offer.

Lleyds Bank itself does not own any of Standard's shares.
Lleyds sbarebolders are due to vote on the bid at an extraordinary meeting in London on ordinary meeting in London on Friday. Anti-apartheid representatives have threatened to mount a demonstration to protest at the proposed takeover because of Standard's involvement in South Africa.

At the end of the last finan- Comment cial year. JFB completely restructured the company to write-off its stake in Sheffield Forgemasters. Stakes in both Cannon-Muskegon and Richard Lloyd were sold, the former resulting in an extraordinary credit of £1.59m. As a result, loan stock and bank borrowings are now, at £16.7m. £13.2m less than year-end 1985.

Subsidiaries Firth Brown Casting and N. Greening each moved from a loss into a small prefit in the six months. Associate companies Thomas Bolton & Johnson and Prescot Aluminium Company made steady progress and Prescot Trade Rollers again traded satisfactorily.

Mr J. M. Clay, the chairman, commented: "Despite the diffi-culties at Gills Pressure Castings the results continue to improve and the board is con-fident that its policy of concen-trating on high quality products will ensure further progress."

After the rationalisation of the group and the loss of the millatone of Sheffield Forgemasters, Johnson & Firth Brown must have been hoping to present results free from incident. The problems, at Gills scuppered those hopes but JFB must now pray that it has had its last nasty surprise for a while. Half was results are in line with year results are in line with analysts' expectations despite Gills and the shares closed unchanged at 39p. The rationalisation imposed by chief expectation Personalisation imposed by chief executive Roy Shephard is now executive hoy shephard is now showing through in improved results, particularly in the aerospace sector, and demand should stay on a steady upward trend. This full year profits should be around \$4.5m, the bulk of which will disappear in dend repayments. Next year profit of £5.5m, assuming a 35

per cent tax charge, puts the shares on a prospective p/e of 13.5 which seems to reflect the group's recovery potential.

Beecham has reached agree

ment in principle on the sale, which is expected to take effect

from June 30, subject to the approval of the Minister for Industry and Commerce in

Beecham confinues to operate

in Ireland marketing toiletries

drinks such as Lucozade, Ribens

Northern Foods has made two major acquisitions during the

past 15 months, paying 221m for Bowyers, the meat pie maker, last June and 251m for

the north of England milk business of Express Dairles, part of Grand Metropolitan, in March

The spokesman said that if the bid was successful Beghin Say, a French sugar refiner also

controlled by Ferruzi, would

acquire a stake in Berisford by acquiring a holding in Help-

Tate & Lyle and Billsdown Holdings both put in bids for Berisford but following a refer-ence to the Monopolles Com-

mission the offers lapsed.

Northern Foods buying Beecham Irish offshoot largest in the country. Batchelors in Ireland now

Beecham Group, the troubled pharmaceuticals and consumer products group, is selling Batchelors, its Irish canned and employs about 500 people and bas factories in Banagher, Athy and two in Dublin. It made a frozen foods business in Ireland Northern Foods for If14m (£12.5m). pre-tax profit of IE1.7m on sales of IE33.4m in the year ended

Mr John Robb, Beecham's chief executive, said: "The frozen fods business in Ireland is the only one of its kind in the group and is regarded as stream activities." Beecham bas been selling

following the ousting of Sir Ronald Halstead as chairman a little more than six months ago. Batchelors in Britain and Ireland was originally owned by drinks such Unitever: In 1941 the Irish and Bovril. operation was sold to its man-agement later being bought by BOC in 1969 and by Beecham in 1973 for £2.7m. Batchelors in remains part of

-claims · brand eadership in Ireland in canned while its Green Isle

Ferruzzi sets up in UK

Ferrozzi Group, an Italian 23.74 per cent of Berisford, the agricultural concern which is stake being held by Helpbrook. bidding for London-based S. & W. Berlsferd, has established a UK bolding company to handle its British interests. 28m Berisford shares from-Hillsdown Holdings and yester-day a spokesman for Ferruzzi said the shares had been pur-chased through Helpbrook, a

newly-created company con-trolled by a Ferruzzi subsidiary. In all, Ferruzzi now controls

Times Veneer offshoot sold

Corporate Development Inter-national (Holdings), the invest-ment company run by former journalist Mr David Burne, has sold more than half its 50 per cent stake in furniture company Times Vencer.

9 & 10 June 1986

shares—just under 30 per cent of the capital—to Pebble Invest-ments. At yesterday's share price of 25p that would have raised about film for CDL

CDI, whose main shareholder is Jersey-based Pattern Socuri-ties, holds major stakes in a number of small public com-panies including Kraft Productions and Dura Mill.

It bought its 50 per cent stake in Times Veneer from the controlling Berman, family in the rolling Berman ramily in the middle of last year, and said at the time it was keeping all options open for "investment in other fields and in other countries should attractive opportunities arise."

Interim figures released in October last year showed Tames
Veneer's pro-tax profit doubled
from £54,000 to £111,000, on
turnover up from £2.7m to

Minister House, Arthur Street, London EC4R 9AX. matively, telephone 01-621 1355 or telex 27347 FTCONF G

- Strategies for Tomorrow's Markets

Financial Times Conference Organisation

DAVIES & NEWMAN HOLDINGS PLC

Group activities include shipbroking and ships' agency, airline operating and aircraft engineering, production and workover oil drilling.

SUMMARYOFRESULTS 1984 0003 287,516 242,846 Turnover 1,050 .3,107 Profit before taxation **Profitaftertaxation** 2,334 17,612 17,504 Shareholders' funds 10p 9.1p Dividend pershare **Earnings per share** 33.2p 6.9p Copies of the Directors' Report and Accounts may be obtained from the Secretary,



5 million passengers in 1985. New route Manchester - Amsterdam.

Thomson T-Line in bid for Longton

BY DAYID GOODHART

a one-for-one share offer for steel stockholder and road haulier Longton Industrial Holdings, valuing the company at about £13.5m.

immediately Thomson Among those who have agreed

Themsen T-Line, the loss turnover of £52m in the year to making timber merchant March 31 1985.

recently taken over by entrepreneurs Mr Julian Askin and in £266.419 on turnover of £1.7m in 1985, but in December 1985

increased the pressure on the Longton board by amouncing t had already received undertakings, or indications of an intention to accept from holders of 37 per cent of the Longton share capital.

to accept the Thomson offers are certain members of the Dale and Drake families which founded the Longton company. The offer currently values each Longton share at 212p and Hambros Bank bas agreed to provide a cash alternative at 190p

Longton, which is expected to interested.

Thomson closed 7p up at 212p and Longton 5p up at 215p.

a 61.5 per cent stake having previously failed to win control of Energ Services and Electronicts. In February 1986 a rights issue raised £2.5m.

The new Thomson manage-ment says that its long-term decline bas been reversed and the acquisition of Longton enable it to diversify into other businesses. Longton bas assets of 10.9m.

Thomson, which will double its share capital if the offer is successful. has said that it successful. has said that it inteods to sell the two Longton companies which comprise the steel stockholding and engineering supplies division to a company in which Mr J. Dale, a former director of Longton, is interested.

Sterling Publishing hits target and orders improve

made for the 1985-86 year and says orders to date for the current year are 29 per cent ahead and on a rising trend. The year to March 31 1986 saw turnover improve from £3.66m to £5.5m and profits by £438,000 to £938,000 pre-tax.

The original forecast, made in the prospectus last November, at the time of the company's entry to the USM. was for profits of £900,000 bot this was later adjusted to provision of £28,000 no longer required for amortisation of

As promised shareholders are to receive a dividend of 2p net profitability.

The Sterling Publishing Group per 5p share. Earnings for the has met the profits forecast it year rose by 1.83p to 4.49p. Although the group intends to pursue its institutional publish ing activities the launch of the independent titles took it into a new dimension of business publishing in which the directors say there is "no foreseeable limit to the expansion of its activities."

In the current year the group expects major revenue growth from its activities in the field of independent publications. A significant expansion of the range of titles is in progres and campaigns for five new titles have already been launched this year and orders to date indicate that significant contributions will be made to contributions will be made to

SHORTS

Short Brothers PLC

US\$ 240,000,000

Sales Financing Facility

Managed by

Citibank, N.A.

Citibank, N.A. • International Westminster Bank PLC

The First National Bank of Chicago

Lloyds Bank Plc Security Pacific National Bank Seattle First National Bank

Allied Irish Banks plc

Bank of Ireland Group

Bank of Tokyo International Limited
Barclays Bank PLC Ulster Investment Bank Limited

> Agent Citicorp Investment Bank Limited

> > Adviser to Short Brothers PLC

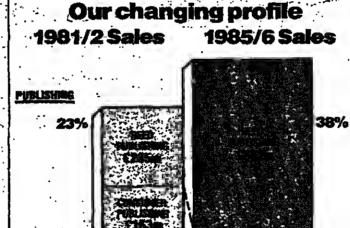
Goldman Sachs Limited

May, 1986

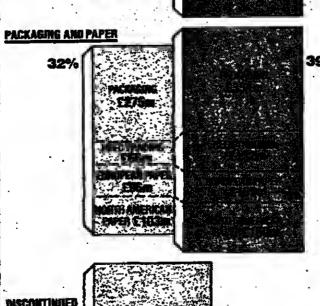


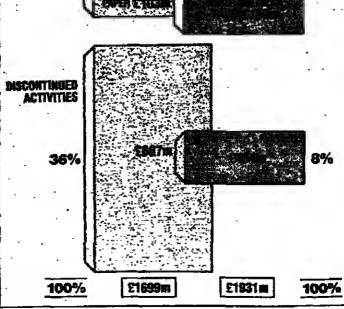
REED INTERNATIONAL PLC

Well positioned for growth









PRELIMINARY RESULTS FOR	YEAR	END	ED
31 MARCH 1986	1986 £m	1985 £m	% increase
Turnover	1,931	2,115	
Operating profit – UK – Overseas	81 72	68 60	
	153	128	20
Profit before taxation – UK – Overseas	72 65	53 55	
Taxation - UK - Overseas	137 (25) (18)	108 (22) (22)	27
Profit before extraordinary items Extraordinary items	94 (15)	64 15	47
Profit attributable to ordinary shareholders	79	79	
Earnings per ordinary share Dividend per ordinary share (Final dividend of 16p per ordinary share)	79.5p 22.5p	53.6p 18.5p	48 22
OPERATING GROUP 1986		198	85

OPERATING GROUP TRADING RESULTS	1986 £m			85 m
	Sales	Trading Profit	Sales	Trading Profit
Reed Publishing	578	67	511	57
Consumer Publishing	183	7	176	11
Paint and DIY	288	. 19	247	17
Packaging	359	28	334	19
Reed Trading	158	8	142	8
European Paper	175	15	196	2
North American Paper	161	. 14	185	8
Central Costs	_	(6)	_	(8
Continuing activities	1,902	152	1,791	114
Discontinued activities	158	(2)	499	13
inter-company Sales	(129)	-	(175)	-
mer company ones	1,931	150	2,115	12

From the Statement by the Chairman, Leslie Carpenter: "I consider that these results represent an excellent outcome for the year,

and provide a sound basis for the future.

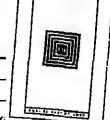
"Our objectives and strategy are clear. We shall continue to concentrate our resources and investment on those activities where our skills and experience lie and where we expect to achieve both growth and greater profit. These include business and consumer publishing, the decorative paint and DIY sectors of the home improvements market, and packaging and paper.

We shall maintain our geographic spread, focussing particularly on the United Kingdom and North America.

"Action already taken is moving Reed International towards these objectives. With the growth in earnings per share expected to continue at levels well above inflation, and with a strong financial base, I believe that Reed International can face the future with confidence

The Annual Report will be published on 28 June 1986. If you would like a copy please complete the coupon and send to: Corporate Relations, Reed International P.L.C., Reed House, 83 Piccadilly, London W1A 1EJ.

Name. Address.



-1985/1986-A Year of **Continued Growth** and Development

1982 Pre-Tax Profit £1.44 m

1983 Pre lax Profit £2,68 m

1984 Pre Tax Profit £4.15 m





OUTLOOK

46 Trading In the new financial year is showing significant increases over the same period last year. I am confident that your Company will continue to build on the progress already achieved and we will take advantage of every opportunity to maintain growth in our established business whilst pursuing further growth from the introduction of new products and services. 7

Tom Farmer Chairman and Chief Executive.

- Europe's leading automotive replacement parts retailer.
- Serviced 2.25 million motorists last year.
- Traded from 318 outlets at year-end against 290 last year.
- Plans to open 30 new depots in the current year.
- Extended own-brand products (new steel radial tyres, exhausts, batteries, shock absorbers, radiators and remould tyres).
- Introduced 'Kwik-Lube' drive-in engine oil and filter change service.

For a copy of the 1986 Reports and Accounts write to: The Company Secretary, Kwik-Fit (Byres & Exhausts) Holdings plc, 17-27 Corstorphine Road, Edinburgh EH12 6DD Tel. 031-337 9200

UK COMPANY NEWS

ISSUE NEWS

Guthrie returns to market with a value of £123m

BY LUCY KELLAWAY

the market after an ebsence of five years during which time its Malaysian plantations, once the modey will be used to repay maiaysian plantations, once the modey will be used to repay mainstay of the company, here been sold off, leaving it as a diversified industrial holding assets of about £100m

THE FULL DETAILS are company, but has agreed to sell published today of a sale of shares in Gothrie, which will after the offer, PNB will retain the group at £123m.

Guthrie will be returning to A further 11.3m shares are division. The electrical equip-

In 1981 the company was over the past five years has taken over hy the Malaysian been seriously affected by curgovernment investment agancy, rency movements, as about 60 the Permodalan Nasional Berthe Fermional installed dew ated in dollars. The fall in the management and planned even dollar has accounted for a tually to return the company to the market.

PNB will be using the flotation to sell 18.7m shares in the decrease in group turnover last year to £332m (£359m) and has depressed profits, which in 1985 were £14m (£11.3m).

ment companies have recovered from heavy losses made in 1983, which were due to recession in the US steel industry. Last year aviation profits fell from £6.9m to £3m, partly as a result of lower demand in the US for

At the offer price of 150p the shares are on a p/e of 8.1, based on an actual tax charge of 16 per ceat. The company expects to pay a similar rate of tax in the current year. The grodividend yield is 5 per cent.

new planes.

USM flotation for Accord

BY RICHARD TOMKINS

Accord Publications, a London-based designer of fashlonable greetings cards, is wishing ilself a happy flotation today as it comes to the unlisted securi-signing and supplying gift The placing will raise ies market at a value of £8.2m.

Some 1m shares—about 15 per cent of the capital—are be-ing placed by stockbrokers Capel-Cure Myers at 125p a Accord was formed in 1974

whea Mr Richard Horton, thea sales and marketing manager of greetings card maker Cam-den Grapbics, decided to break

ings cards, Accord has been designing and supplying gift wrapping paper since 1981 and has recently introduced a range holders and a similar amount

Tenby share offer delayed

of paper partyware

Pre-tax profits have grown for the company. Accord says it sees scope for increasing its from £17,000 in 1981 to £351,000 in the year to last December, og sales up from £363,000 to of products and enlarging the £4.2m. Profits of at least customer base.

den Grapbics, decided to break away and set up his own enterprise.

A log jam of equity financing had expected when BSR first has caused the offer for sale of the scale of the scale of the same of its UK electrical and until Monday although hankers of its UK electrical and until Monday although hankers of its UK electrical and until Monday although hankers of its UK electrical and until Monday although hankers of its UK electrical and engineering activities under the priced the issue at 112p per share yesterday valuing the a historic actual taxed p/e of group at £19.7m.

The pricing is more conservatively pitched than the market yield is 5 per cent.

TV-am heralds flotation with £4.8m

THE BREAKFAST television station, TV-am, has heralded its forthcoming USM flotation by announcing a recovery to pre-tax profits of £4.83m in the last financial year from a loss of £2.09m.

TV-am increased its turnover by 88 per cent to £29.27m in the year to January 31. It produced trading profits of £9.37m but paid £4.29m to the Treasury

in Exchequer Levy.
In its first 18 months on TV-am lost more than £14m. The company's recovery began The company's recovery began in the spring of 1984 when a new management team, headed by Mr Timothy Aitken as chairman and Mr Bruce Gyncell as managing director, replaced the original "mission to explain" programmin formagt with the "mission to entertaid." TV-am will find to the USM in the first two weeks of July

in the first two weeks of July by releasing 11m shares or 34 per cent of its equity. The merchant hank, Kleinwort Ben-son, will sponsor the issue with Fielding Newsom-Smith as the

brokers.

The flotation was catalysed by United Newspapers takeover of Fleet Holdings last year. Fleet held 34 per ceat of TV-am, while United has a substantial shareholding in Yorkshire Television. The Independent Broadcasting Authority, which regulates independent television, does not permit dual investment in television stations. When TV-am first considered going public it envisaged a market capitalisation of around \$35m. City attitudes to the television sector have since

Depending on the fate of Thames Television's flotation later this month, TV-am may aim for a capitalisation of around £45m.

COMPANY NEWS IN BRIEF

GROSS FINE, the Londonbased estate agents which had heen expected to come to the unlisted securities market through a placing this week, has postponed its flotation because of what it described as a technical hitch.

Investment Trust reported det asset value per 25p share at 294.4p (318.4p) as at March 31 Le Mare Martin, brokers to 1986. Earnings per share rose the issue, said it had not from 7.87p to 9.33p for the year proved possible to tie up the and a final dividend of 4.75p

decessary documentation in makes a total of 8.25p (7.5p). £115,000). Tax credit £18,000 time but the flotation was Total income was £5.75m and extraordinary credit £36,000 expected to go ahead shortly. (£4.5m) and after-tax revenue (both nil). Dividend 0.5p (1p). NATURAL Resources scrip issue is proposed.

> Bristol Waterworks Company is raising £5m and Sunderland & South Sheilds Water Company £3m, both through 1996 deben-tures which have been priced to yield 9.8 per ceat. Both issues £3m, both through 1996 debentures which have been priced to yield 9.8 per ceat. Both issues have been placed by Seymore 1986, compared with 285,28p

dividend is increased to 4.6p (4.4p), last year's final payment turnover of £7.2m (£7.72m) for year ended January 31 1986. tax £31,199 (£26,474), giving Profit £10,000 (loss £109,000 earnings of 5.25p (5.14p) per after exceptional dehit income share.

Total income was £5.75m and extraordinary credit £36.000 (£4.5m) and after-tax revenne £2.81m (£2.38m). A one-for-one scrip issue is proposed.

WATER PLACINGS — the Bristol Waterworks Company is

six months earlier. Interim dividend is increased to 4.6p

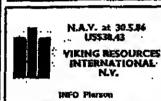
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Particulars of the Notes and of the Issuer are available from Extel Statistical Services Limited. The listing particulars relating to the Notes have been published and copies may be obtained during normal business hours up to and including June 9, 1986 from the Company Announcements Office of The Stock Exchange and up to and including June 19, 1986 from the following:

State Bank of Victoria, 30, Old Jewry, London EC2R 8EY.

Bankers Trust Company, Dashwood House, 69, Old Broad Street, London EC2P 2EE.

Cazenove & Co., 12, Tokenhouse Yard, London EC2R 7HB.

June 5, 1986

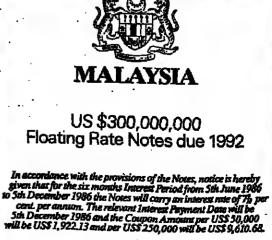
Collateralized Floating Rate Notes, Series A Due December 1997

U.S. \$125,000,000

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest Period from June 4, 1986 to September 4, 1986 the Notes will carry an Interest Plate of 71/2% p.a. The Interest payable on the relevant payment date, September 4, 1986 will be \$1,916.67 per \$100,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank.





Reference Agent Bank of Tokyo International Limite

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UK COMPANY NEWS

Valin Pollen shares leap on 76% profit increase Valin Follon International, the corporate public relations group, saw its shares move ahead sharply yesterday on the announcement of a 76 per cent. VALIN POLLEN

increase in interim taxable profits to £878,000. The result compares with £500,000 last time, and sent the company's shares up 30p to 205p, before slipping back to close at 195p. Turnover rose from a Turnover rose from a restated £8.16m to £12.09m, and produced operating income of £5.02m, up from £2.59m. Mr Reg Valin, the chairman, says that since the start of the year.

the company has acquired major new clients.
It has handled the Laura Ashley and Wellcome flotations as well as the launch of a major advertising campaign for the Stock Exchange. The industrial relations division has been particularly active in defending

new clients against unwelcome takeover bids. McAvoy Wreford Bayley bas also enjoyed a steady influx of business from existing and new clients. Vallin Pollen Thomas

Meadow Farm

Meadow Farm Produce has reached provisional agreement to acquire North Devon Meat, a farmers co-operative based io

Torrington, for a total of nearly

For the year ended March 30 1985, North Devon Meats achieved pre-tax profits of £827,000 on sales of £58.9m. In the year to March 29 1986, sales

are likely to be broadly the

£500,000 are expected. It has assets of £3.5m.

£4m purchase

ness communications. These factors make him par-ticularly optimistic about the prospects for the group and are

Interiors: Sestria Mines, Grootvisi Proprietary Mines, Hasvires Stawery, Marievela Consolidated Mines, McLeed Russel, St. Helens Gold Mines, Stillentain Gold Mines, Stillentain Gold Mines, Finais: Altitund, Suffeisientain Gold Mining, Capital Gearing Trust, Henderson Adminatration, Highland Participants, Hill Samus, Heldan Hydroman, L.C.P. Northarn Sacurities

BOARD MEETINGS

of £52,000 (£7,000). Tax takes £384,000 (£218,000), minority interests debits £8,000 (£6,000) and there is an extraordinary charge of £50,000 (nil). comment

Valin Pollen's shares bave tumbled steadily in the past year or so, but staged something year or so, but staged something of a resurgence yesterday rising by 20p to 135p when these results sailed in ahead of expectations. The growth figures for profit and income are impressive enough, but costs are rising sharply and show little into the stage of slowing down Literium. rising sharply and show little sign of slowing down. Like every other City advertising and public relations group, Valin Pollen has profited from the recent rush of bida and new issues, but competition is intensifying as West Eod agencies like Saatchi & Saatchi and Lowe Howard-Spink Bell muscle into the City, Valin Polleo is nothing if not flexible, bowever, and is turning its attention towards turning its attention towards specialist spheres such as investor relations. New business also enjoyed a steady influx of business, from existing and new cllents. Vallin Pollen Thomas and Kleyn in the Hague has donbled in size and staff, and has made a valuable contribution to group profits.

Mr Valin said that there s clear evidence of a growing range of capabilities." This demand for the "comprehensive partially steins from the changes leading up to "big hang," but also as a result of the increasing internationalisation of busing and new marketing and are individent in developing new marketing and are individents in developing new marketing and are individents in developing new marketing and are individents in developing new marketing and communications services, and evaluating future acquisition p/e of 21 for fleet from the company will be filed from the to report "outstanding results" at the year end.

The interim dividend is could suffer if the profit figure is reached ing internationalisation of busing a first amortisation of goodwill its income base. is still rolling in and the City expects profits of £2m and a p/e of 21 for the full year. Just as Valin Pollen has benefited from the bull market, it could suffer if the market turns bearish. Although after the demise of the proposed merger with Good Relations, the management has been scouting about for acquisition opportunities in the US to broaden

Trust, Didsers, Piccadilly Radio, Rolls and Nolan Computer Services, Stewart Enterprise Investment, Storehouse, State Investments.

growth but cautious GROWTH AT the James Burrough group of spirit dis-tillers (Beefeater Gin. Borzoi

Beefeater

keeps up

Vodka) has been mainlained in the year eoded February 28, 1986, but the directors are approaching the current year more cautiously.

Mr Norman Burrough, chairman are the party than her bear are the party than the party than her bear are the party than her bear are the party than the

man, says there has been an excellent start to the year. But the anti-alcobol lobby is as strong as ever, particularly in the US. Thegroup is unlikely to benefit from exchange rates, and tourism is likely to be much reduced.

much reduced.

However, the year should be satisfactory, he adds.

In 1985-86 the group produced a record turnover up 7.2 per ceot, from £57.4m to £61.54m, and pre-tax profit of £8.87m, a 6.6 per cent rise on the previous £8.33m. The company's vious £8.33m. The company's shares are traded on the Overthe-Counter-Market made by Granville, White sales of spirits gener-

ally to North America have been declining, with Beeleater Gin no exception, the group con-tioues to beoefit from the overall strength of the dollar, and has achieved good growth in markets elsewhere.

In the bome market, sales volume has continued to increase with wider distributions.

The investment in Pioneer

Computer Group, completed last November, is still at an early stage but is on course. The year's dividend is lifted by 14.3 per cent to 12p net (10.5p). The second interim

Enterprise Investment, Storehouse, Stewert Investment, Storehouse, Sto

Henry Boot

Highlights of the 1985 Annual Report and Statement of the Chairman, Mr. E. H. Boot Final dividend of 5p per Ordinary Share recommended making a

Loss reported at half year worsened to £7.1m before taxation majority of loss relates to Kwei Chung Container Base Contract – loss recorded on Southern and Property Development Companies – closure of Malaysian operations – Group financially sound – borrowings down to £7 4m and net assets £20m – full provisions made for all known losses.

TRADING - UNITED KINGDOM Building and Civil Engineering increasing profitability in North and Scotland – South East disappointing: Railway Engineering – difficult year – decline in U.K. following miners' strike-delays on export orders: Joineryincreasing competition - does not ment capital expenditure; Plant - maimains profitability.

TRADING - INTERNATIONAL Losses already outlined - claims being vigorously pursued: Hong Kong - Phase R Mass Transil Railway Contract profitably completed - awarded trackwork on Phase t Tuen Mun Light Rail System – Landscaping expanding: Singapore – trackwork joint venture proceeding for Mass Rapid Transit Corporation - Malaysia operations closed.

TRADING - PROPERTY Investment and Management - very satisfactory - improved profits: Development - management strengthened and long term schemes come to fruition in 1986-substantial lettings and sales being negotiated.

GENERAL Disappointment at results - management team strengthened - trading in first quarter of 1986 within budget - conditions indicate continuing improvement and return to

SALIENT FIGURES Turnover |Loss| Profit on ordinary activities before Tax on lioss) profit on ordinary activities |Loss| Profit on ordinary activities after taxation [1,109] 2,945 [1,264] (8,290) (8,656) Minorities and extraordinary items Loss) Profit for the financial year Ordinary dividends (Loss) Earnings per 50p Ordinary share Total dividend per Ordinary share

Copies of the Report and Accounts obtainable from the Secretary, Henry Boot & Sons PLC, Banner Cross Hall, Shetfield S11 9PD.

TRADING-UNITED KINGDOM **Building, Civil Engineering, Homes, Railway** Engineering, Joinery and Plant TRADING-INTERNATIONAL Civil Engineering, Railway

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loating Rate Depositary Receipts Due 1992 issued by The Law Debenium Trust Corporation p.L.c. evidencing at Personnel of principal and interest on deposits with

ISTUTO BANCARIO SAN PAOLO DI TORINO ed in the Republic of Intly as a Credit Institution of Public Law) London Branch

the six month period 4th June 1986 to 4th December 1986 Receipt will carry an Interest Rate of 71/6% per annum with Interest Amount of US\$365.36 per US\$10,000 Receipt. relevant Interest Payment Date will be 4th December 1986. Agent Bank

Company, Londo

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SPARINE NE

assets of £3.5m.

Meadow Farm will make an initial cash payment of £2.5m out of its existing cash resources with further payments of £407,000 in December 1987, £359,000 in December 1988 and £684,000 in December 1989. NOTICE OF ADJUSTMENT TO CONVERSION PRICE



SANDOZ Holding Netherlands B.V.

(Incorporated with limited liability in the Netherlands)

U.S.\$99,541,000

41/4 per cent. Guaranteed Convertible Debentures due 1997 (the "Debentures").

Convertible into 169,000 Bearer Participation Certificates of Sfr. 50 par value each of, and unconditionally guaranteed by,

SANDOZ Ltd

(Incorporated with limited liability in Switzerland)... We refer to the capital increase of SANDOZ Ltd and the corresponding notice to holders of the Debentures on 2nd May, 1986.

Notice is hereby given in accordance with Condition 7(C) and Condition 15 of the Debentures that as at and from the date of this Notice each Debenture may be converted into Bearer Participation Certificates of Sandoz Ltd ("BPCs") at the rate of 5.3351 BPCs for each Debenture equivalent to a conversion price of US\$552.00 per BPC. No fractional BPCs will be issued but a cash adjustment will be made in dollars as set out in

the offering circular dated 24th June, 1985,

The Conversion Price in force up to the 12th May, 1986, when conversion rights on the Debentures were temporarily not exerciseable until the date of publication of this Notice, was US\$589.00 per BPC.

By: SANDOZ Ltd, Basle SANDOZ Holding Netherlands B.V., Amsterdam :

assurance

and Accounts for the year 1985 the Chairman, Mr. R. E. Holland sta

Strong growth in Life Branches

The outcome of the year's tracking showed strong growth in the Life Branch surpluses, offset by continuing losses on our General Branch business. After relieving part of the exceptional weather losses by the transfer to revenue of the claims equalisation reserve, the company's after-tax results for the year increased from £14.55 million in 1984 to £17.69 million. Given the underlying strength of our life business, an increased final dividend of 28.75p is recommended, making a total for the year of 44p, compared to 38p for 1984.

New-business production in the Life Branches grew at a satisfactory rate, with group total new premiums increasing by nearly 23%, largely because of an increase in single premiuma of over 50%, written mainly by Pearl Assurance (Unit Funds). There was also a substantial increase in self-

employed pension business.

Life transfers from the parent company to the profit and loss account emounting to £21.72 million were buoyant, increasing by more than 34%,

compared with 14% last year Largely because of the performance of our investments over the years, we have been abla to make further improvements in terminal bonuses in both branches and to increase the reversionary bonuses in the Ordinary Branch by small amounts. Further, in order to achieve greater equity between different generations of policyholders in the Ordinary Branch we have declared special reversionary bonuses on older policies, and this has given rise to a one-off increase in the transfer to profit and loss account of over

£2.25 million. Next year the transfer will revert to a more normal level. The higher bonuses, will, of course, lead to increases in the benefits payable this year under our policies, and in the Ordinary Branch these increases will be significant, thereby enhancing our competitive position.

Premium income in the unit-linked subsidiaries improved substantially, particularly for Pearl Assurance (Unit Funds). Because of a strengthening of

the valuation basis, the surpluses generated within these companies were similar to last year. New premium rates were introduced last October and, assuming that the higher level of new business production in Pearl Assurance (Unit Funds) continues, this company's future surplus should Increase at a satisfactory rate.

In contrast, the results of our General Branch business are unsatisfactory and it is no comfort to know that we are not alone in this respect. Exceptional weather claims from our UK domestic portfolin resulted in thie business showing e trading loss for only the second time in the last 10 years. Remedial action is being taken and, in addition to premium increases introduced from 1st January, further increases and more onerous policy conditions will be

applied to new and renewed business from 1st July.

Several sources of unprofitable business within our overseas and reinsurance portfolios have been cancelled over the last 18 months, including some extended warranty business last year, but the inherent late reporting of claims on such business and the need for reserve strengthening led to further loss

There are, however, positive signs of an improvement in the prospects for the profitability of non-life business generally, with a significant hardening in premium rates, particularly for commercial and reinsurance business. We therefore felt confident in launching on 1st January our new subsidiary company, Hallmark, to which I referred last year, to write direct general insurance business in the UK broker market, and also in continuing our London-based reinsurance operation, albeit on a more restricted basis.

However, our review of the Monarch, to which I also referred last year, led us to the conclusion that the prospects for its continuing operations in the USA were not good enough and the company was sold. The total proceeds from the sale were \$11.48 million, of which \$8.75 million was attributable to

During the year we also felt it appropriate to transfer £2 million from the general reserve to a contingency provision to be available to meet our share of the support that is deemed likely to be necessary for the orderly run-off of Community Reinsurance Corporation and the First New York Syndicate, in each of which we have a minority interest. Both companies have ceased writing business. Any losses will be charged in the profit and loss account as expenses net of tax as they occur and met by an equivalent transfer from this provision. An amount of £235,000 was met in this way in the 1985 account.

In the past we have published separate balance sheets for short-term and shareholders' business. However, they are regarded as one for taxation and insurance regulatory purposes and we have, therefore, decided to combine

There have again been several developments affecting the life assurance industry over recent months, to some of which I would like to refer. Last year I commented on the White Paper on financial services, in particular that we were in favour of the setting-up of a practitioner-based agency to regulate the marketing of life essurance, unit trusts and similar investments. We are still in favour of this approach but we are disturbed at the proposals made by the Marketing of Investments Board Organising Committee (MIBOC) relating to the regulation of individuals in the context of the Financial Services Bill. We feel that they will lead to an unnecessary increase in costs, which will ultimately have to be borne by the policyholders without providing any significant increase in protection for them. In particular, we see no need for a central register of all sales persons to be set up. It should be sufficient to limit the register to those who have committed misconduct. The proposals for a central test of competence also need to be modified. MIBOC recognises that thatest will not enable persons to hold themselves out as being fully competent. There will be a need for supplementary specific training by companies to ensure that their salee persona are properly trained to self their products.

Thus the ultimate responsibility for establishing a sales person's competence will rest with his/her employer. We therefore feel that employers with the necessary facilities should be able to conduct their own tests, subject to approval by a central authority.

We are also disturbed at the proposals in the Financial Services Bill to extend 'cooling-off' notices to industrial Assurance business. Under this type of business a proposal does not come into effect until the policy document is subsequently delivered by the agent. If, at that time, the client changes his mind, any deposit paid is automatically refunded. If we have to issue cooling-off notices for such business it will add significantly to the cost of issuing

these small policies without, once again, giving the policyholders any signifi-cant increase in protection for the additional costs which they will have to bear. Turning to the Budget, the proposal to replace capital transfer tax by an inheritance tax will not adversely affect the Pearl as we did not write a significant plume of business for CTT purposes. The change will, however, give us the opportunity to write more term assurance.

Although I welcome the Government's intention to encourage the wider ownership of shares, I feel it is e little odd that, whereas in 1984 the tax incentives given to encourage lung-term savinge through life assurance contracts were withdrawn in the name of fiscal neutrality, it is now proposed to give tax incentives for investing in Personal Equity Plans (PEPs), with the benefit of the tax relief being lost only if the plan is not maintained for at least one calendar year. However, I do not believe that the introduction of PEPs will have much effect on our traditional life business and it may give ua further opportunities to expand our service

I mentioned last year that we telt it desirable to widen the range of expenence on your board. We were delighted that Sir Austin Pearce and Mr Charles Tidbury accepted nur invitation to join us as non-executive directors. Both have had distinguished careers and have wide business experience which will be of great benefit to your company. My colleagues and I commend them to you for election at the Annual General Meeting on 4th June.

I would also draw your attention to the item on the agenda, now a yearly occurrence, relating to the renewal of the directors' powers to issue securities. for cash, other than to shareholders in proportion to their existing holdings. You will note that the amount mentioned in the relevant resolution is £1,000 less than last year, by virtue of shares which may be issued under the separate authority to fulfil optiona exercised under the staff scheme.

Finally, I would like to thank our staff for the excellent way in which they responded to the opportunities that presented themselves in 1985. Their resilience and flexibility are essential for our future success and I am confident of their continued support.

Einfon Holland - Chairman.

Copies of the 1985 Annual Report may be obtained from the Secretary, Pearl Assurance PLC, High Holborn, London WC1V 7EB.

McIntosh Hamson Hoare Govett International Ltd.

has acquired an interest

Hendry Hay McIntosh Ltd.

(formerly Hendry Hay Smythe & Horton)

Member of the Auckland Stock Exchange New Zealand

> M^CIntosh Hamson Hoare Govett Ltd.

A member of the Hoare Govett Group

A GREAT



The LONDON

APPOINTMENTS

Management changes at **Greenall Whitley**

be concentrating oo his role as chairman of De Vere Hotels and Treadway Inns (US), from April 1, 1987. Within Greenalls Brewery, Mr Bell's responsibilities for the retail division will be assumed by Mr P. G. Greenall and his tenanted division meanweibilities to the second by the second Griffith, from October 1. Mr P. L. Clarke will be taking over from Mr P. E. Ashworth as chairman of Camhrian Soft Drinks. Mr Ashworth is taking up additional responsibilities on behalf of the brewing industry. In addition, Mr Clarke will assume responsibility for a new group take-home sales company, including beer, wines and spirits and soft drinks, also from October 1. Mr. P. H. Standing is being appointed director of marketing services for all group companies.

Mr R. Y. Parry has been appointed chairman of MAY-WICK (HANNINGFIELD) in addition to his existing respon sibilities as managing director, following the resignation of Mr A. W. Gillett due to ill health. Mr Parry has heen managing director under Mr Gillett's chairmanship since 1971.

Ms Nicola Brookes has been appointed group finance director of AMARI. Ms Brookes takes over as group finance director from Ms Brenda Langley, who has held the post since 1981. Ms Langley will remain an executive director on the board of Amari and an active member of the group finance team. Ms Brookes has been corporate development director of Amari for the past two years. She handled the management buy-out of Amari from BP in 1983, and also the company's full list-ing on the London Stock Exchange the following year.

Mr Richard J. Vardy has been appointed honorary secretary of the LONDON DISCOUNT MAR-

Mr Manfred Stratemeter has been appointed marketing direc-tor of British Electricity International (BEI), overseas con-

GREENALL WHITLEY has sultancy company of the British made the following management electricity supply industry. The changes: Mr D. W. G. Bell will post is a new one et BEL

Mr David V. Brain has been appointed to the board of BANRO INDUSTRIES as a nonexecutive director.

Mr Paul Myners, chief executive of Gartmore Investment Management, has been elected chairman of GARTMORE FUND MANAGERS, a unit trust subsidiary. Five other board appointments are; Mr Graham Johlin, Mr Peter Reeve, Mr Timethy Jackson, Mr William de Lucy and Mr. Lewis McNanght Lucy and Mr Lewis McNaught.

Mr Allan Gasson has been appointed chief executive of UNITED TRANSPORT LINE, the shipping line for United Transport's container activities. This is a new position, created to strengthen the company's ex-panded husiness in short-sea

Chief executive for BTA

After 40 years with the BRITISH TOURIST AUTHORITY and its forerunner organisations, Mr Len Lickorish will be retiring as director general in August, He is succeeded by Mr Michael Geoffrey Medicett who has spent Georgey Medicatt who has spent his working career with the P & O Group, where he was marketing director with responsibilities for cruise ship end package tour operations. Mr Medicott will be joining BTA on August 1 and will take over from Mr Lickorish on September 1. His title will be changed from director general to chief from director general to chief

Mr R. G. Bennett, underwriter of Marine Syndicate 201/202, has been appointed a director of LAMBERT BROTHERS (UNDERWRITING AGENCIES).

Mr John Poore, a partner in Poores of Acton, West London, has been installed as national president of the BRITISH HARD-WARE FEDERATION.

FOR A GREAT CITY

Board posts at Lazard **Brothers**

LAZARD BROTHERS & CO. has appointed Mr John Nelson as manging director from July 1. He will be assuming overall responsibility for the corporate finance division. Mr Nelsoo is a director of Kleinwort Benson. Mr Edward W. Dawnay has been appropriate the averaging director. promoted to executive director with Lazard Brothers. He has been with the company for 12 years and has worked in corporate finance since 1979. His most recent work has involved responsibility for the privatisation of British Shipbuilders warshiphydding wards shipbuilding yards.

Mr J. A. Wischeart (general manager, Commoowealth Bank of Australia) has been elected chairman of the BRITISH OVER-SEAS AND COMMONWEALTH BANKS' ASSOCIATION in succession to Mr P. W. Weller (general manager, Standard Chartered Bank), who was elected deputy chairman.

Mr Anthony Rippon has joined WHITECROFT as company secretary in succession to Mr Richard Hope who has left the

P.E.G. MANAGEMENT CON-SULTANTS. a division of Philips Ell & Gross, has appointed Mr Jeffrey S. Coiller as an additional director.

FENCHURCH INSURANCE

BROKERS has appointed Mr Brian Baker as an executive director of Fenchurch London.

United Technologies Corpora-tion has nominated Mr Wesley A. Kuhrt as a new member of the board of WESTLAND. He is a senior consultant to United Technologies Corporation. He retired in 1982 after serving as president of Sikorsky and as vice president, technology, of United Technologies Corporation.

WHITEREAD & CO has appointed Mr Michael Angus as a non-executive director. He is chairman of Unilever.

Mr Roy Norton has been appointed deputy managing director of TAYLOR NELSON MEDICAL, a division of the Taylor Nelson Group. He was a director of the division.

IBM systems house, SKYNET has appointed Mr Glynn Davie as deputy managing director. He joins from RSB Systems, an IBM software house, where he was an ssociate director.

Mr Dom Gregson, formerly Viking Polypropylene's sales director, has been appointed to the new post of chief executive of ROBERMAP (UK), its plastic hook and hanger unit.

Dr R. R. Stalbow has retired from the board of G.R. (HOLD-INGS). Mr G. K. C. Johnston, company secretary, joins the board.

Japanese trade at Laing and Cruickshank

LAING & CRUICKSHANK, part of Alexanders Laing & Cruickshank Holdings inter-Cruickshank Holdings international securities division of Mercantile House, opens its new Japanese department today. Mr Rebert Gelding becomes director of Far East trading and Mr Graeme Hammond becomes head of Japanese sales. Both are also appointed directors of Laing & Cruickshank Institutional Equities. Mr Alex Farley and Mr John Healy also join Laing & Cruickshank as watrant traders. All four have come from County Bank.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY.—Indices of industrial principle, manufacturing output (1980=100); engineering orders (20=190); retail sales volume (1980=100); retail sales value (1980=20); regimered unemployment (excluding school leavers) and united vacancies (000s). All seasonally adjusted. Retail value* 104.4 109 101 105 107 98 105 106.5 106.5 106.5 168.4 1st qtr. 2nd qtr. 3rd qtr. 4th qtr. Septembe October 141.4 145.2 177.7 143.7 149.8 164.8 218.4 104.0 103.8 103.6 103.8 116.8 116.6 115.6 115.0 117.4 November December 199.7 1886 1st qtr. January February 108.9 108.1 109.4 145.4 143.6 140.9 148.6 102.2 102.4 117.0 117.2 March

	OUTPUT—I	te conde	(mater	ials an	d fuelsi	k engil	ieering	distant.
ĺ	metal maou	iacture,	this a	, iestuei	and cro	emme (v	200-x4	g dous.
		Cnamer. goods	invest.	Intmd. goods	Eng. output	Metal maig	Textile etc.	Money.
	1985 1st qtr	103.1	102.5 104.4	109.9 113.0	163.8 104.9	119.1 116.6	99.6 100.4	ti.
	2nd qtr. 3rd qtr.	104.8 184.6	101.9	113.3	103.3	115.0	103.3	7.1
	4th qtr. September	105.2	102.1	115.0	104.0	114.0	103.0	2
	October November	165.1	102.0	115.7	103.6	112.0	106.6	
	December 1986	103.1	100.6	115.6	101.6	106.8	101.3	14.
1	1st qtr. January	102.1	100.6	1143	101.0	105.0	101.0	
ı	February March	103.8	100.6	116.0	102.0	119.0	101.0	15.1

EXTERNAL TRADE—Indices of export and import volum (1960-1960): viable balance; current balance (£m); oil balance (£m

terms of tr	de (198	3=100);	official	reserve	\$.		1
	Export	Import	Visible	Current		Terms trade	The same
1985							4
1st qtr.	118.6	126.6	-1,266		+1.958	96.1	P.57
2nd otr.	120.5	124.8	-124	+1,333	+2,411	87.8	14.32
3rd atr.	116.3	124.1	-453	+1.072	+1,990	100.2	24.18
4th otr.	118.9	127.4	-225	+921	+1,893	101.6	15.54
October	118.8	125.0	+ 7	+334	+754	101.0	MA
November	118.5	129.6	-214	+112	+649	182.1	15.00
December 1986	119.4	127.8	- 18	+475	+491	1 0 1.7	15.54
1st qtr.	117.4	126.1	-1.400	+800	+1.994	101.0	15.42
Jannary	118.7	120.3	+155	+1.155	+987	101.7	15.50
February	120.7	125.8	-344	+256	+678	100.7	15:50
March	112.7	132.2	-1.211	-611	+330	100.7	10.25
April	122.2	121.9	-191	+409	+337	101.7	

FINANCIAL—Money supply M0, M1 and sterling M2, bank advances in sterling to the private sector (three months) swith a annual rate); building societies net inflow; HP1, new castit; all

adjusted.	Clear	ing Bar	ak base	rate (e:	nd per	H)
		_	Benk			Mune
140	111	1.×	advacs.			rate
96	%	56	96	£m	£m	*
						4.
2.2	8.7	9.7	15.2	1,511	3,109	11.84
5.1	32.4	20.4	19.2	1,523	3,082	12.5
5.5	15.4	11.6	17.5	1.771	3.274	
		17.8	17.7		3.431	II
					1.144	1.30
					1.005	. 12.40
2.7	29.1	14.2	17.4	865	1,192	11.3
6.5	9.6	16.7	12.2	2.220	7.267	112
	14.6	11.1		770	2.739	100
	5.2			788		
	8.2					41.00
0.4	21.5	29.0	26.8	756		150
	22 51 55 14 15 30 27 65 98	MO MI % % 2.2 0.7 5.1 32.4 5.5 15.4 1.4 25.1 1.5 24.9 3.0 21.5 2.7 29.1 6.5 9.8 9.8 14.6 4.6 4.6 5.1 8.2	100 M1 M2 % 5 % % 5.1 32.4 20.4 5.5 15.4 11.6 1.4 25.1 17.8 1.5 24.9 19.8 3.0 21.5 20.4 2.7 20.1 14.2 6.5 9.6 10.7 9.8 14.6 11.1 4.6 52 6.8 5.1 8.2 14.3	MO MI M3 daveca. % % % % % 2.2 6.7 9.1 15.2 5.1 32.4 29.4 19.2 5.5 15.4 11.6 17.5 1.4 25.1 17.8 17.7 1.5 24.9 19.8 18.7 3.0 21.5 29.4 17.6 2.7 29.1 14.2 17.9 6.5 9.6 16.7 12.2 9.8 14.6 11.1 11.4 1.6 12 6.8 16.4	MD M1 M2 advincs inflow % % % % % % % % % % % % % % % % % % %	M0 M1 M2 advacs. inflow lending fm % % % % fm fm lending fm 2.2 6.7 9.1 15.2 1,511 3,169° 5.5 15.4 29.4 19.2 1,523 3,682° 5.5 15.4 21.5 1,771 2,274 1.4 25.1 17.8 17.7 2,289 3,431 1.4 2.2 2,289 3,431 1.5 1.4 2.2 2,289 3,431 1.4 3.6 1.4 3.6 1.4 3.6 1.4 3.6 1.4 3.6 1.4 3.6 1.6 1.1 1.4 7.0 365 1.132 3.6 3.6 1.132 3.6 3.

INFLATION—Indices of earnings (Jan 1980–100); basic magnists and fuels, wholesale prices of manufactured products (1984-100; retail prices and food prices (Jan 1974–190); FT commodity index (July 1952–190); trade weighted value of sterling (1975–190).

	ings.	Basic matls.*	Whsele,	RPI*	Foods*	cmdty.3 Mig.
1985						
2nd ctr.	170.3	138.8	139.4	275.2	339.4	278.13; 7
3rd qtr.	174.4	133.1	140.2	376.3	335.5	251.12; 1.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	m/a 7 18/m
September	176.1	122.7	140.5	376.5	335.8	251.12 2 144
October	173.9	134.7	141.9	377.1	335.5	243.46 2 144
November	176.8	132.1	141.5	378.4	337.4	20/2 /S 18/4
December 1996	180.0	134.7	141.9	378.9	339.4	MA IT IL
Ist qtr.	179.1	133.6	142.4	380.8	343.3	P/2 : 711
January	176.9	135.2	142.7	379.7	241.1	Wa 2564
February	177.9	133.9	143.3	381.1	343.6	Wa NILE.
March	182.5	129.8	144.2	381.6	345.2	20/m 1-71/8
April		128.1	145.4	382.3	347.4	378
			A			

* Not seasonally adjusted. †From January 1986 includes amounts outstanding on credit cast.

COMPANY CHAIRME PROBRI

Nationwide Communications Inquest

Sounds painful? In some cases, maybe it was. Because The London Standard Corporate Communications Survey goes deeply into a major problem for British business:

The ability of companies to communicate their reputation and performance. To the public at large and to their own shareholders in particular.

Some companies have been so busy building brands', that few people know who the brands. are built by:

Takeover mania isn't the only recent event that's increased the importance of corporate communications.

There's also been an explosion in share owner-ship, touched off by British Telecom and other

But why should institutions or individuals make investments in a company when they know nothing of its plans for the future?

And only four months away is Big Bang! The City's deregulation will open up undefended British companies to predators around the world. Clearly, we believe strongly in corporate communications. But then we would, wouldn't

we? We stand to profit by them, after all. That's why we commissioned a leading financial communications firm, Dewe Rogersón, to undertake our Survey.

They probed the top people in industry and commerce, the City, Parliament and the imancial media. And they probed a broad sample of private and institutional shareholders.

Their findings are to be presented to the leaders of Britain's top 100 companies and the City at a luncheon at the Savoy on June 10th. On June 27th, were holding a seminar to examine the Survey more deeply.

Phone (01) 353 0355 for a copy. And do a little self-examination.

Isveimer **Balance Sheet**

New credits disbursed: It. lire 1,745 Billion

Outstanding loans: It. lire 6,480 Billion

In 1985 Isveimer's expansion trend 1,745 billion lire in credits, 55% in credits continued, registering a growth above the sector's average: outstanding loans reached It. lire 6.480 billion, up 12.7% compared to 1984. Isveimer granted loans for It. lire 1,792 billion during 1985. a 34% increase over 1984, and disbursed

of which were funded in the international financial markets. Previous loans in foreign currency equal to about 530 million dollars were re-negotiated at more favourable

conditions. The net income was 40 billion lire.

The medium-term bank for the "Mezzogiorno" Headquarters: 80133 Naples-Italy-Vis A. De Gasperi, 71-Phone (081) 7853111-Telex 714020-722282
Rep.Office: London-U.K.-98, Cannon Street-EC4-N SAD-Phone (01) 2839981-Telex 887554-Telefax 2007



BUSINESS LAW

Judges and board decisions in takeover battles

By A. H. HERMANN, Legal Correspondent

generally accepted principle of common law, both in the UK and overseas, that they should not. The reason for this is that if judges try to predict the future effect of decisions, they are in no better, and possibly in a worse, position than the managers who, through long experience, can make a better educated gness and benefit from accumuleted intuitive knowledge.

see Thursday Jue,

INDICATO

A CONTROL OF THE PARTY OF THE P

ledge.
As to decisions which have already proved to be wrong or unlucky, it would not be fair to criticise the managers with benefit of hindsight so long as their intentions were beyond

reproach.
This principle of indicial noninterference in business deci-sions, usually termed the business judgment rule," served well for e long time hut its foundations have been undermined because the interests of managements and those of no longer necessarily coincide. Now one must consider the often conflicting interests of sharebolders, employees and

In the US the future of the "ousiness judgment rule" has been recently called into ques-tion by e series of decisions taken by the courts of Delaware, that Mecca of company lawyers, where managements bave traditiouelly felt free to do almost anything they liked. However, leveraged takeover bids, management buyouts and poison pills have obliged the courts to redefine the business judgalarmed the company Bar. Fustifiably, its members fear that Deleware may cease to be moltinationals' favourite place

of registration. Delaware courts are essentially the same as have or may be faced by English courts as similar takeover defences come for scrutiny before them. The same problems may soon appear in France.

After a long absence, hostile

Pembroke College, Oxford by Professor Alphonse Tunc, the in a seminent French commercial lawyer from the Sorbonne. attitude of French law, which mekes managements lieble for their errors, with the relaxed

tude and by paying greater attention to the substance of the business decision, as opposed to the process by which it was reached, in common law

Prof Tune said that in no case so far bad a French court declined to judge a business decision made by the directors of a company. French company of a company, French company law expressly provided that the directors were liable to the company and to others for any breach of the rules or for any fault in their management. Judge-made law extended this liability to mistakes and errors even if not committed directly by members of the board. Every fault which caused damage led to the liability of the manage-

The French Companies Act encourages and facilitates shareholders' suits against members of the board. In the case of liquidation, when the assets are not sufficient to meet debts, the court may order the directors and executive officers to pay up to the extent the deficit was due to their own fault. In only one of employees. They accept any significant reasons stated by the

By contrast, English courts. which do inquire into the fair-ness of dismissals, tend to leave

After a long absence, hostile takeover bids have arrived this year on the French scene. New rules facilitate takeover bids by laying down time limits within which the executive board of the stockbrokers association must give its approval and the COB (stock exchange commission) certify the information which must be published by the bidder and the target sary, the judge will accept company. French authorities that they ball good reasons or seem to have a much rilore made an innocent mistake. He ective part to play than is usual in London.

This development adds to the topicality of the Blackstone lecture recently delivered et Pembroke College, Oxford by principle from the English can, operate such e business judgment, but elaborates it in greater business in the susiness in the formation with the topicality of the Blackstone be questioned.

but elaborates it in greater detail. According to the Principles of Corporate Govern-ance et present being considered by the American Law Institute, the duty of e director or officer

SHOULD JUDGES try to He invited his audience to consecond-guess the decisions of sider whether the time had not managements? It seems to be a come for the two systems of law generally accepted principle of to move closer together, by a common law, both in the UK relaxation of the French atti-field. He should perform his functions with the care that tank they should be and by paying greater. functions with the care that can be expected from an ordinerily prudent person; he is obliged to make such inquiries as he reasonably helieves to be appropriate. The Principles further define when a business judgment is made in good faith: when the director is not personally interested, is properly informed, and rationally believes that his decision is in the best interest of the corporathe best interest of the corpora-

> In a 1981 decision, the Supreme Court of Delaware Supreme Court of Delaware said that when the interest of the board clashed with that of a shareholder who required it to bring an action, the board's refusal to do so was covered by the "business judgment rule" if it was based on the advice of an independent and informed committee.

shift the court's attention to whether the committee was really independent and whether its advice was given in good faith. Though it must have been obvious that the court can reverse the directors business judgment by finding that they respect does French law treat were not properly advised, it management more leniently caused great consternation than English law: defying legistation, the courts do not inquire into the fairness of dismissals ven Gorkham. Mr van Gorkham, faced with

the financial difficulties of a company of which he was chief executive, arranged a lever-aged buy-out in which the price which do inquire into the fairness of dismissals, tend to leave other managerial decisions well alone, and certainly do not make directors liable for mere errors of judgment. According to Lord Wilberforce, when the actions of directors are challenged, the court should first consider the nature of tha power which they exercised and whether they did so for a proper purpose; and respect their judgment as to matters of management if it finds thet they ected in good faith.

The reason why the French cannot, and the English can, operate such e "business judgment rule." The Delaware Supreme Court, however, reversed this decision; it application can never be guided not sufficiently informed.

management team was sued for managing the bank imprudently as well as failing to disclose its problems promptly and violat-ing security laws, nine execu-tives, including the former chief executive denied Institute used to be in the US

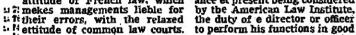
In the UK, trying to trustrate e bostile takeover bid by Argyil, the Distillers board, supported by some institutional shareby some institutional share-bolders, agreed to reimburse Guinness for the #40m cost of launching e friendly takeover. The Takeover Panel rejected Argyll's complaint, though the move had been criticised by a number of leading City institu-tions.

Argyll brought an action in the High Court under s.151 of the Companies Act 1985—which prohibits financing the purchase of own shares — but decided egainst suing the directors individually. After the bid was referred to the Monopolies and Mergers Commission, the court action was not pursued, but the Stock Exchange mixed a wile action was not pursued, but the Stock Exchange passed a rule that, in future, such "poison pills" would have to be approved by shareholders if they exceeded 25 per cent of the past three years' profits in value or if their value was unlimited.

Thus, even in the UK it is now recognised that the free-dom to exercise business judgment in normal circumstance cannot be left uncurtailed in takeover battles. If not the courts, the authorities feel obliged to put up at least token obliged to put up at least token limits to management's identification of its interests with that of the shareholders, Prof Tune's, invitation to close the gep between the French and the common law approach may be breath the present of the common law approach may be brought about by necessity, the supreme taskmaster of law-makers.

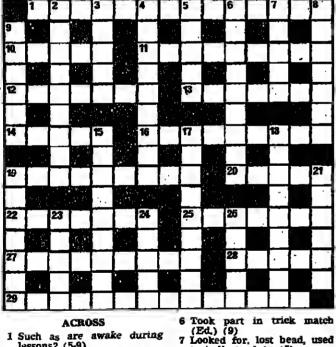
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FT CROSSWORD PUZZLE No 6.039

QUARK



- I Such as are awake during lessons? (5-9)
 10 Birds in another nest (5)
 11 Popular holiday period.
 Getting towards the North in tight jam? (9)
- 12 Drunk goes round the room. Could be pickled (7)
- the academy (7)

 14 Flesh out sort of life in supermarket? (5)

 16 Toper details 15

\$7.

- supermarket? (5)

 16 Toper, drunk, hits the hay—
 e bewildering performance
 (4, 5)

 19 Once over (2, 3, 4)

 20 The dancing party's discovery—no ligbt! (5)

 22 Bombards groups returning round Air Force (7)

 25 Greek agency of vengeance

 18 The meeting's taking place during school year (2, 7)

 19 Instruct in something superior to the Church (7)

 21 Make no bones ebout it? On the contrary! (6)

 22 Greek agency of vengeance

 23 Greek agency of vengeance
- 27 First class Latiner could be
- —among other things (5, 4)
 28 Boat to sketch in Scotland
- 29 Activity undertaken before someone gets cross (14)
- DOWN
- 2 Obtain e City man heving good grounds for sale (4, 5) 3 One lass changing and making up 16's necessity?
- 4 Everyone has to serve bere 5 Steadfastness never changes

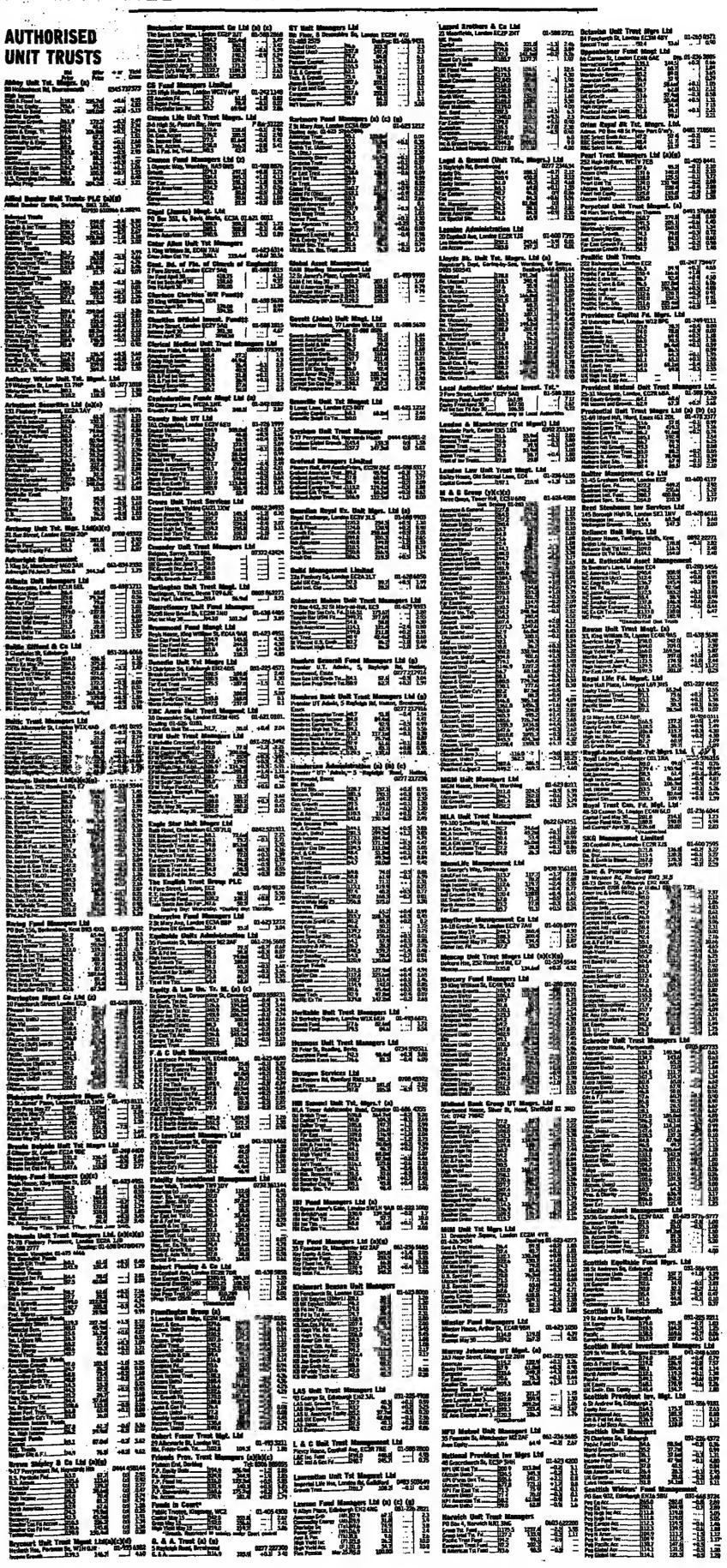
Pennypincber! (5)

to indicate duty (5)
8 It's about defender. Take
no ection (3, 4)
9 A Count (official) (6)

15 It's this when you jump and

don't dive (4, 5) 17 Goddess after "Top Ten"

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CHRH

US copper workers make pay cut offer

UNIONS AT Newmonth Mining Corporation's subsidiaries Mag-ma Copper Company and Pinto countered the company's pro-posal of a \$4 an hour wage cut with an offer to accept a \$1 an hour reduction, reports Reuter from New York.

But a company official said the offered cut was "definitely not enough."

He said even the \$4 cut would not make the company profit-able. "Il will just belp us no nur long range plan for sur-

The company says it is still hopeful that agreement can be reached before the existing labour contracts expire on June 30 at Pinlo Valley and on July 1 at Magma.

WEEKLY METALS

All prices as supplied by Metal Bulletin. ANTIMONY: European free market, 99.6 per cent, \$ per tonne, in werehouse, 2.740-2.780. BISMUTH: European free market, mln. 99.99 per cent, \$ per lb. tonne lots in warehouse, 2.60-2.95.

Z.60-Z.95.

CADMIUM: European free markel, min. 99.95 per cent. \$ per lb, in warehouse, ingots, 1.06-1.11, sticks, 1.08-1.13.

COBALT: European free market, marehouse, 6.30-7.30,
MERCURY: European free
market, mln, 99.99 per cent, 3
per flask, in warehouse, 220-230,
MOLYBDENUM: European
free market, drummed melybdic
cride, and the Molybdic
cride, and the Molybdic oxide, \$ per lb Mo, in ware-house, 2.70-2.75,

noise, 2.70-2.70.

SELENIUM: European free market, min, 99.5 per cent. \$ per lb. in warehouse, 4.60-5.00.

TUNGSTEN ORE: European free market, standard min, 65 per cenl, \$ per tonne unit WO,

cif, 47-56.

VANADIUM: European free market, mln. 98 per cent V₁O₂, other sources, \$ per 1b V₁O₂, cif, 2.50-2.55. URANIUM: Nuexco exchaoge value, \$ per lb U₁O₂, 17.25.

EEC calls for tighter control of fisheries

vbich EEC member atales are enforcing the conservation pro-visions of the Common Fisheries Policy were voiced yesterday by the European Commission. In a report which will be presented to the next meeting of EEC Fisheries Ministers later this month the Commission says that it found evidence of overthat it found evidence of over-fishing in Community waters "transition period" but that but insists that the problem is steps must now be taken to not excessive. An official last make sure that the rules are night said that it amounts to an estimated one to two per cent of the total allowable catch the Commission each

The report nevertheless calls for tighler enforcement of individual quotas through an extension both of its own powers and those of national

The EEC's fisheries conserva-

CRITICISMS OF the way in in 1983, is essentially two pronged. It fixes each year the total allowable catcb for certain categories of fish and it spells out a number of "technical measures" (restrictions on mesh sizes, minimum landing

more rigorously applied. One way is to start implementing tha infringements procedure and take cases to the European court. Another is for the Commission to call on national governments to launch more administrative enquiries where fisheries are suspected of not playing by the rules. Coincidentally the Dutch Governments to the court of the c ment took action yesterday against 6 fishery which was

mackerel catches as horse mackerel, a different species. The report also says that the powers of member states should be widened so that as well as inspecting boats ot sea they will in future be able to inspect landings and fish markets where useful information can he gathered.

The Commission would also like to extend its authority so that its 13 inspectors who eurrently visit Community ports, with the approval of local officials can in future insist on the right to make spot checks un-

The report concludes that in several member states there are insufficient national measures to make the Community legis-lation effective and in others

LME fails to resolve dispute over investor protection rules

BY ANDREW GOWERS

THE LONDON Metal Exchange ment.
and the international copper industry have failed to resolve leading their differences with the UK
Government and with its new
City regulatory body, the
Securities and Investments Board, over proposed changes in the LME's trading system. Officials said that meetings between representatives of the exchange, the industry, the SIB and the Department of Trade and Industry yesterday and the day before had left the exchange at loggerheads with its would-be regulators on the issue. The LME is continuing to demand special treatment under UK investor protection rules, while the SIB insists that it must implement the leter of financial services legislation now before Parlia-

ment.

The exchange — tha world'a leading metals market — and the Board have agreed to bold another meeting on the subject, but no date has been fixed. The copper industry, represented in this case by the British Non-Ferrous Metals Federation, is also hoping to meet the SIB soon.

The controversy focuses on the LME's current system of inter-office trading. The SIB says this does not assure investors of obtaining a fair price as required by the Financial Services Bill or guarantee the establishment of accurate audit trails for the market, and that it will therefore have to that it will therefore have to change if the LME is to qualify as a recognised investment exchange.

The LME is adamant that the system works as it is, and that any further change—following the introduction of a central clearing-house, to which the exchange has already agreed—would be too costly. The possible alternatives include expanding the exchange's two official ring trading aessions to a full "open outcry" system, or building up the computerised recording of transactions.

Copper industry ves described tives described yesterday's meeting with Government officials as "helpful." Officials said it gave them an oppor-tunity to explain the provisions of the Financial Services Bill, some of which did not appear

fully understood by

Chernobyl's market fallout

Traders in Chicago maiotain that the event has vanished from their calculations just as fast as the winds swepl radis-tion fallout across the European continent. Most markets bave settled down-straitjacketed by the sheer force of fundsmentals. Global wheat and coarse grain

surpluses, particularly in the US, exceed any reasonable estimstes of revised Soviel import requirements. The EEC's meat and dairy slocks clone are more than sufficient to cover Soviet

In addition, the consensus In addition, the consensus within the scienlific community now indicales that the impact of the disaster on Soviet grain production will be only slight. The US Department of Agriculture estimates that a maximum of 4 per cent of this year's crop could be affected. The UN's Food and Agriculture Organisation said in Rome yesterday that this year's aggregate cereal production in the Soviet Union and in nelgbbouriog countries was not expected to be reduced not expected to be reduced

Serious questions remain, of course, about the effects of radiation on forage and kivestock. The Ukraine, where Cbernobyl is situated, accounts for most than 20 per century. for more than 20 per cent of Soviet livestock, and significant numbers of animals may have

But it is far from clear that in its food than are considered acceptable in the West. And with the gold price in the doldrums and the oll market sharply down, the Soviets have less foreign cur-

THE WORST of the Seviet rency to cover additional purnuclear disaster at Chernobyl chases. In any case, they bad may now be over, but commodity markets could still feel the best for some time in the form of increased price volatility and trading volume.

The WORST of the Seviet rency to cover additional purnuclear disaster at Chernobyl chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the end of each day ing big buyers fo hold off purnuclear disaster at Chernobyl require the permunical chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the end of each day ing big buyers fo hold off purnuclear disaster at Chernobyl chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the end of each day ing big buyers fo hold off purnuclear disaster at Chernobyl and the open delaying their entry into the grain market just to cover ing big buyers fo hold off purnuclear disaster at Chernobyl chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the entry into the grain market just to cover ing big buyers fo hold off purnuclear disaster at Chernobyl chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the end of each day ing big buyers for hold off purnuclear disaster at Chernobyl chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the encourage of the production of purnuclear disaster at Chernobyl chases. In any case, they bad gramme had not yet been climbed steeply, while the open implemented, further encourage. Dosition at the combination of purnuclear disaster at the production of purnuclear disaster at the purnuclear disaster at the purnuclear disaster at the purnuclea



Brisk trading on the CBOT floor

this strategy would be lost shopping list.

Why, then, did the markets react as they did when news of Chernobyl began to filter out? The most obvious answer is they had never had to deal before. The nuclear blast injected a

major element of uncertainty into markets which—perbsps complacently—had been previously locked into a holding this will translate into large pattern at eightyear lows. Soviet purchases on the world market. Many Sovietologists believe that the USSR will tolerate higher radiation levels in its food that are considered into a holding pattern at eightyear lows. The prospect was for continued price declines, despite the sharp drop in the valua the US dollar. Buyers we The prospect was for con-The prospect was for continued price declines, desplie the sbarp drop in the value of the US dollar. Buyers were content to delay their purchases until lower loan rates for 1986 crops were fully in effect under new American factor legislation.

Commodity merchants, secondquickly if they signalled that ingly, were staying on the side-they were adding to their lines, maintaining a consistently modest open position.
But even before Cheronbyl.

there were signs that the bear trend could be bucked. Specula-tors and chartists trading for their own and for institutional their own and for institutional accounts were readying them selves for a move based on their operating principle that the market bad been oversold. The nuclear disaster merely underlined existing concerns over factors like worsening wheat conditions in Kansas and the Southeast. Chernobyl, in other words, was merely an excuse for something they were already planning to do.

Commercial houses in general adhered to their selling stra-tegy, while other traders went for high profits by buying the short-term position in any con-

In the first three days of the week beginning April 28, for example, wheat futures traded

of the preceding five-day period oo the Chicago Board of Trade. Maize and soyabean futures volume tripled between April 28 and 29. The bulls were on a stampede.

with wheat, maize, sugar and soyabean prices surging and even oll moving up on the risks of nuclear power.

But the bull run contained the seeds of its own demise and

ended before the immediate impact of the nuclear disaster had been assessed. The market started to discount the effects of the scrident amid more sober assessments of its implications for agriculture. But more important factors in the subse quent price decline were the market's chartists, who moved

out of commodities as fast as
they bad come in, taking the
speculators with them.
Although the higher volumes
resulting from the news from
the Ukraine lingered well into

the Ukraine lingered well into May, they have now more or less faded away. In the week ending May 30, for example, wheat futures traded 35.48m bushels—close to the pre-Chernobyl level.

The chartists and speculators do not need another Chernobyl to prompt their re-entry, since it is price volatility which any trader seeks. At least, after months of apathy, they have been reminded that the agricultural markets exist. The nuclear disaster may, in short, have ushered in a period of greater unpredictability for commodities like wheat, coarse grains, oilseeds and sugar.

Richard Gilmore is a Wash-instandard daricultural confarm legislation, the Food tract that was moving upwards. Richard Gilmore is o Wash-Security Act of 1985, This year's Thus the volume of futures and sultant.

China waking up to futures trading

BY DAVID OWEN IN CHICAGO

CHINA, for so long slumbering giant of world trade, is preparing to start direct use of major commodity futures The focal point of its efforts is currently Chicago, home of the world's two largest agricultural and financial futures and options exchanges: the Chicago Board of Trade and the Chicago Mercantile Exchange.

After last year's symbolic

Premier Li Xiannian to the floor of the CME, the People's Republic recently took the eminently practical slep of seguring some expert vitton. securing some expert tuition. On April 29 the international Trade Research Institute of China's Ministry of Foreign Economic Relations and Trade (ITR) signed a memorandum of understanding with the CME's arch-rival, the CBT, for a programme

Hanchao, deputy director of the ITRL, said that China grains and metals futures on the CBT "at an appropriate time." Such a move would certainly provide an important boost for ailing CBT agricultural contracts. Last year, agricultural volume on the exchange dropped around 30 per cent from 1984 levels. For the moment, the emphasis is firmly on education, with Chinese delegations visiting both Chicago exchanges with increasing regularity, "Our relation-ship with the Bank of China goes back two to three years," says Mr William J. Brodsky. CME President and chief executive officer. "I think

they are trying to under-

mmodities in which China is emerging as o significant force in world trade (most Chinese rice and cotten is consumed domestically). In addition, according to Mr Raymond W. Carmichael, vice president, public relations, "they want to get back into the position of being a major world sova bean producer." world soya bean preducer," and are "very interested" in options. In this vein, the CME's foreign currency futures and options contracts

exporter in 1985, selling 6.34m tonnes abroad. In the first half of the year, it had slashed its wheat imports to 3m tonnes from 9.9m tonnes in the corresponding 1984 period. Gold output is expand-ing fast, while the country

"Our major hope long-term is that the Chinese Government will start using the market on a regular basis, like the Australian and Can-adian Wheat Boards," says Mr Carmichael. "But we are not fooling ourselves that within two, five or even ten years they will be major

LONDON MARKETS

CONCERN about

supply tightness helped to push the London Metal Exchange cash rine price up to a nine-month high yesterday. With further encourage ment for the rise coming from news that Preussag of West Germany will lose 5,000 tonnes of production over the next two months because of damage to its Nordenham plant the cash price gained 29 to close at \$518.50 a tonne, and the discount against the three months position nar-rowed slightly. Further gains were registered in kerb trading following news that Metal-lgesellschaft of West Germany ligeselischaft of West Germany had raised its European sell-ing price by \$30 to \$790 a tonne while Penarroya of France had raised its by \$40

ALUMINIUM

	Unoffic close/p £ pc		`—	Hig	bilov
Cash a months	795-7 766-8		+2.5 5,5	776	2/800 5/768.
Official (768-9), ti settlement 768.5-9, T	803 (78	nths 9). F	770,5. Seel X	1 (7 erb	70-1). close

LME prices supplied by

	Unoffic'	+0	High/lov
sh higher ada months ade A	941.2		6.55,5/956 863/939
Official ele 08-9-5), th 5), aettlem 086: 953-4,	ent 834 (ths 94	5.5-8 (95)
thodes months andard	935-40 638-6		939,989
Official clo 31-2), thru ttleman ! ices 66.00 tal tumov	132.5 (93: 1-71.00 ci	933- 2) U:	937-40 Product

LEAD

•	Linoffi close (p.	cial + or m.) — r tonne	Highliow
Cash 5 months	269.70 272.4	+8.0	269;268 879/267
(255-5,5) 1,5),, ee close; 2,	three tiement 2 77-8, Ten	months 27 66 (255.5) nover: 14,	esh 268.5-6 73-3.5 (261- Finel Kerb 950 tonnes, per pound,

NICKEL

		Unoffici close(p.r £ per	tonne	High/lov
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	Official. (2675-80)	ziosing	(em) O	sh ,2688,
ľ	settlement close: 2775	- 2561r H	2680) 7	inal Keel
	TIN			2.14

— (13.99) holiday	ringgit per kg	Pub
ZINC .		

	High arade	Unoffici lolose(p.n £ per	tonne	High /lov
ľ	Cash 3 menths	518-9 587-8	+16.0	512/518 530/510
١	(506-9), t 29), settle	men1 519 29.530. 8 Prime V	the 526.5 (509). 'I Turnover	-7 (518.5 inal Keri 18,65

GOLD

Gold lell \$2 as ounce from Tuceday's close in the London buffior market yesterdey to finish at \$3402-341a. The metal opened at \$3412-342 and tended between a high of \$3412-342s and a low of \$3402-341. Trading was once again quiet and featuraless with little stranton peid to the flactuations in the value of the dollar. GOLD SULLION (fine ounce) June 4

GOLD AND PLATINUM COINS

SILVER

311707	THE ST	TI AUGUS	1-30	- 001
lower lo	t spot	deliver	y in the	e Lond
bellion	market	Vester	day at	342.66
US cen1	ecuiva	lents of	the fix	no leve
were: ap	oi 510	.2c. do	wn 2.16	C: thre
month 5	1a.7c.	down .	2.35c; I	ix-mon
528.1c,	down	2.2c,	eed .	12-mon
546.6c, c	lown 2	.4c. T	he mete	open
nt 343-3	44-0- (13.515	end (closed
343-344	n (510	512c).		
	- '016			

HLVER per troy oz	Dullion Fixing Price	+ or	L.M.E. p.m. Cnoffie	<u>+-</u> º
nonths. nonths.	342,55p 350,35p 358,40p 372,80p	-1,60 -1,45	350.50	+10

LME-Terrover: 3 (188) lots of 16,000 oz. Three months high/low 350.16, Onal

Pigmost seles: 20 (20) lots of 50 serceses, 8,250 kg. 8eel seles: 3 (0) lots of 20 eides.

...... 110,00;+1,00 196,00, — 105,00—0,40 199,00 +0,00 103,80,-0,90 181,00 -1,00 109,40,-0,50 179,00 -3;50

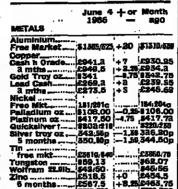
(+0.58).

Spot Jane pigment closed strongly again because of short-cevering before its expiry, reports Eastern Capital CCST.

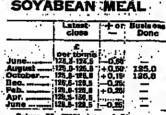
US MARKETS INDICES COPPER FUTURES gained

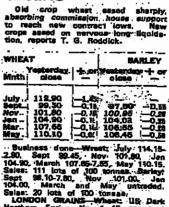
ground on commission house REUTERS buying and a general lack of selling, reports Heinold Com-modities. Concern over the Jane 4 Jane 3 M'th ago Year ago 1729.5 1783.4 | 1788.1 | 1806.2 possibility of a strike when labour contracts for domestic DOW JONES copper producers expire on June 30 was a key supportive Jones 6 Sune Month! Year June 30 was a key supportive factor in the market. Cocoa fatures closed bigher but off the highs, in thin trading. The market was reacting to news from London on progress in fCCO (International Cocoa organisation) talks. The ICCO is specifically reported to be making headway on the addition of economic clauses to the cocoa agreement. Progress in the talks would hinge upon Spot 135.36120.75 — 117.4 Fut. 114.50114.53 — 119.6 (Base: December 31 1931=100) MAIN PRICE CHANGES

talks would hinge upon whether the Ivory Coast



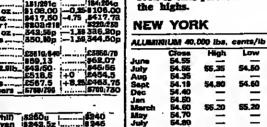
befom lie	ht profit-taking w	AZ . 96
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	IYesterday's	
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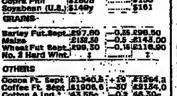




For tonne F.O.R.

decided to fully participate in the agreement. Some light short-covering and trade buying was reported on the opening but trade selling was seen to take prices down from





t Unquoted, † Per 75 lb flask, c Center r poend, w Jung, x Mey Jano, z July, June-Jaly, y Jaly-Aag, * Cotton Out-ok.

OCOA

Some Jim some Jim	expected, and gained is profit-taking was seen ted producer laterest we consumers also made light the products market, report
COCOA	Yesterday's + or Busines
LUCUA	£ per tonne)

Salos: 4.629 (2.634) lots of 10 tonnes. ICCO indicator prices (US cants per pound). Dally price for June, 4: 85.82 (85.48) five-day everage for June 5: 86.57 (86.81).

•	COFFI	EE,		
:	Fresh fun Physical of reports On	taka appe	ared no	erket fell
	COFFEE	Yesterday Close	.+ or	Business Done
	July	1900-1986 1935-1945	30.0 23.0	1915-1865 1942-1958
	Mar	1970-2000 1985-1995	÷15,0; −40,0	1976-1860 1866

Sales: 4.296 (4.237) lots of 5 tonnes. ICO indicator prices (US cents per pound) for June 3: Comp. daily 1979 167.78 (163.36); 15-day average 188.58 (169.85).

SOYABEAN MEAL



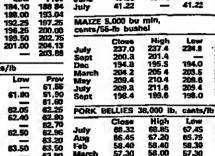
5UG			: :		
171.50	N DAIL (£115,00)	down	-	00 J.J.	
4.50)	tonne f	or June,	/Je N	· dalba	42
Prices	66 Sted	followi	9	Tuesd	y
ONTOS. 1	sold hv	the P	#ille	Denon .	
zamike:	ctober n.	enipmen	₹ .7	eports	•
					_

194.4-184.8: 187.8-167.47 187.8-744.8 168.8-198.2: 171.4-171.8: 1772.2-198.9 172.8-174.9: 174.4-178.9: 175.2 177.8-178.0: 180.2-168.9: 180.8-174.2

70 1748 1725 UVA 17 1610 1784 June 1808 1845 June 1907 1895 July 1948 1810 Aug 1958 1810 Au

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb



63.50

Prev 13.87 13.36 13.20 13.22 13.25 13.28 13.24 13.28 13.28 13.30 SOYABEAN OIL 50,000 to, cents/fb

Seles: 1,662 (3,429) lots of 50 tonses. Tete A Lyle delivery prion lor granulated besie eugar was £216.00 (£24.50) a tone fer export, international Sugar Agreement—(US cents per pond lob and stowed Caribbesis ports.) Prices for June 3: Quily price 7.16 (7.01); 15-day svernga 7.10 (7.26). No. 6 cff contract—u6 179.4-3.8, Oct 178.00-8.0, Seles: 0 lots of 50 tonses. PARIO SUGAR—(FFr per tonne): Aug 1433/1434. Oct 1467/1466, Dec 1477/ 1400, Mar. 1510/1524, May 1548/1567, Aug 1595/1610.

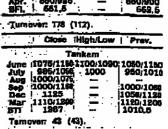
High Low 342.3 340.7

POTATOES

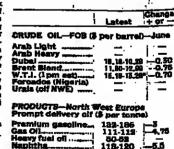
The merket's listem to break 2777.00 support area, basts April, led. to nervous short-covering in thin trading conditions. On one closing call values rone through a minor chart point. There were little lundarisants reason for the audien uprumbut it was gossibly encounged by rumoum of blight warnings in the Holbeach area and forecasts of overnight frosts, affecting a merket ningely sensitive to say weather changes and the sebsequent effect on crop development, imports Coley and Harper.

£ per tonne Nov 88.80 | 87.00 28.58.87.50 97.00 | 97.00 | 96.00 | 97.00 | 96.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | 97.00 | Seles: 328 (462) lots of 40 tonnes. Enries—July 88.80-6.20, 100.0 Seles: 7 lots of 10 tonnes. FREIGHT FUTURES

The dire cargo market tended to drift, teking its con from Atlantic fixings, which were sperse. The tanker market was netwous and vulnerable, suffering from lack of low enquiry, reports Clarkson Welf.



15-day Jana &ren1 e1 \$11.80, bul prompt products market see oil prices edged



GAS OIL FLITURES

RUBBER

PHYSICALS-The London market was very quiet, reports Lewis and Pest-Closing prices (buyers): Spot 58.00p (some): July 56.00p (same): August 68.25p (earne). The Kuale Lumpor fob price (Maleysian cents per kg); RSS **—— (184.5).**

FUTURES-Index 557, July 558-560, July-Sept 556-560, Oct-Dec 557-560, Jan-March 568-572, April-June 583-587,

XX 0427

teaching ITRI officials how the market works.
At the same time, Sun planned to start trading

stand how the markets work." Maize, wheat, copper and gold are the main CBT traded

would oppear to be another prime candidate for Chinese China became a hig maize

remains a major net importer of copper, Whatever the current state of play, the prospect of the world's most populous nation participating directly in futures and options trading is clearly an exciting one for exchanges in Chicago and claewhere. Mr Gilmore compares it with Brazil in 1974 —"before the soya bean explosion."

MEAT COMMISSION-Average fat

Dollar recovers but nervous

The dollar finished above the day's lows yesterday in rather erratic trading. The recent reversal, following comments by US officials suggesting a further decline in the dollar's value, pushed the dollar to a low of DM 2.2580 before it recovered to finish at DM 2.2780 compared with DM 2.2740 on Tuesday.

Forward premiums and discontinuous accounts 1.800.565pm 0.812 premiums and discontinuous 1.800.565pm 0.812 pm 0 with DM 2.2740 on Tuesday.

Thursday June 1

with DM 2.2740 on Tuesday.

The dollar enjoyed the benefits of a small technical correction with a firmer Federal funds rate apparently providing underlying support. There was little overall agreement about where the dollar was likely to move next however with tomorrows US unemployment figures be performance of the US economy. The dollar eased to Y171.35 from Y171.55 despite strong suggestions of intervention by the Bank of Japan to stop the yen apprecioting. Elsewhere the US unit finished at SFr 1.8845 from SFr 1.8790 and FFr 7.2525 compared with FFr 7.24. On Bank of England figures, the dollar's exchange rate index was unchanged at 117.3.

STERLING — Trading range

STERLING — Trading range against the dollar in 1936 is 1.5555 to 1.3770. May average 1.5202. Exchange rate index 75.7 against 76.0 at the opening and

g. Spot | \$1.4845 | \$1.585 | \$1.4980 | \$1.585 | \$1.4980 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 | \$1.585 |

76.1 on Tuesday. The sir months age figure was \$12.

Sterling finished at its worst level for cearly a month in rather featureless trading. The pound had been following the dollar but failed to benefit from a late technical correction in the US unit and finished close to the day's lowa. Against the D-mark it slipped to DM 3.38 from DM 3.950 and Y254.25 compared with Y256.25. Elsewhers it slipped to SFr 2.7950 from SFr 2.8050 and FFr 10.76 compared with FFr 10.8125. Against the dollar it eased to \$1.4835 from \$1.4935.

DMARK — Trading range

Forward premiums and discounts apply

DHARK — Trading range against the deliar in 1926 is 24710 to 2.1644. May average 2.2295. Exchange rate index 124.2 against 129.6 six months

ago.

The D-mark finished below its best level in Frankfurt yesterday as the dollar reacted to its

POUND	SPOT	FORWARD	AGAINST POUND

DOLLAR SPOT-FORWARD AGAINST DOLLAR

p.a. months p.a.

2.55 (0.56-0.92 pm 2.53)

2.56 1,00-0.80 pm 2.50

-1.72 (0.62-0.75 pm 1.18)

6.78 (0.78-0.73 pm 1.18)

6.78 (0.78-0.73 pm 1.18)

6.78 (1.78-0.73 pm 1.18)

6.78 (1.78-0.73 pm 2.93

-13,79 (275-575dis —12,48)

-0.10 145-175 dis —4.42

-6.44 15-185 dis —4.42

-6.44 15-185 dis —4.42

-6.45 (4.74-14) die —7.81

-0.35 (0.55-10.75d —6.35

-3.22 5.40-8.03d pm, 2.49

2.41 8.25-4,78 pm 2.49

2.11 8.25-4,78 pm 2.49

EXCHANGE CROSS RATES

1, 1484 0.580 254.5 10.70 2.795 3.800 2513 2.066 68.90 0.574 1, 2.278 171.4 7.263 1.885 2.001 1659 1.392 46.46 0.900 0.450 1, 75.82 3.163 0.827 1.124 654.5 0.611 20.86 3.865 5.835 13.29 1000, 42.38 10.99 14.95 9097, 6.124 271.0 0.899 1.379 3.141 235.3 10. 9.586 3.532 2100 1.920 64.03 0.358 0.551 1.909 90.97 3.850 1 1.360 837.0 0.739 24.65 D.265 J.590 O.889 O6.91 8.858 0.736 1 608.7 C.544 18.13 0.432 0.641 1.401 109 9 4.658 1.906 1.643 1000, 0.893 29.79 0,484 D.718 1.630 123.1 8.809 1.563 1.840 1120 1 53.56 1,401 2,103, 4,906 369.0 16.62 4.057 8.015 3357, 2.998 150

Yon 'per 1,000: French Fr per 10: Lim per 1,000: Seig Fr per 100.

EURO-CURRENCY INTEREST RATES

978-10 7-718 8-4-614 6-1-6-4 4-13-4-4 4-13-4-4 7-14-7-4 11-11-11-1 9:1-9:0 7-71e 85e-87e 576-6 45e-43e 41e-45e 73e-71e 11 121e 91g-95g 97g-97g 71g-77g 71g-71g 81g-91g 07g-91g 92g-63g 08g-85g 43g-44g 41g-41g 77g-77g 11,111g 111g-114g 74-74 7-74 411-44 8-84 716-74 714-718 7-718 4|4-4|8 814-834 7|8-7|8 Long-term Euradollars: two years 7's-8's per cent: three years 8's-8's per cent; four years 8's-8's per cent; four years 8's-9's per cent nominal. Short-term mas are call for US Gollars and Japonese Yen; others, two days notice,

MONEY MARKETS

UK rates continue to ease

In Frankfurt call money was

bank. Commorcial banks received

NEW YORK RATES

Treasury Bills & Bonds

(Lunchtime)

UK interest rates continued to fail in London yesterday amid growing speculation that clearing bank base rates would be reduced from their current level of 10 per cent. Three-month interbank money slipped to 94-94 per cent from 91-91 per cent. Overnight money opened at 101-101 per cent and touched a high of 11 per cent before finishing at 7 per cent.

of 11 per cent better amistanx
at 7 per cent.

The Bank of England forecast
a shortage of around £400m with
factors affecting the market
including maturing assistance
and a take up of Treasury bills
togother draining £233m and the
provining of previous sale and nogener graning EESSM and the unwinding of previous sale and repurchase agreement a further 3346m. In addition there was a rise in the pote circulation of rise in the pote circulation of 195m and banks brought forward balances 130m bolow target. These were partly offset by Exchequer transactions which added 1290m. The Bank gave assistance in the morning of 180m through outright purchases of eligible bank bills in band one year Two was

The forecast was revised to a chortage of around £550m before taking into account the earlier help and the Bank provided additional assistance in the after-

MONEY RATES

Meethe Months Months in Vin Frankfurt

noon of £187m through outright purchases of £1m of local authority bills and £18m of eligible bank bills in band 1. at 9# per cent and £150m of eligible bank bills in band 2 at 9# per cent. Late assistance came to £190m, making a total of £437m.

central council but dealers are not expecting any change in the discount or Lombard rate. offsetting a maturing agreement worth DM 11.9bn. However, funds are likely to be in aborter

supply as the month wears on as banks are faced with handing lar meeting of the Bundesbank UK clearing bank base lending rate 10 per since May 22 over very large commercial tax payments: Today sees the regu-

quoted at 4.4.5 per cent, down from 4.5.4.6 per cent on Tuesday. Short term liquidity was in good supply following the latest sale and repurchase agreements organised by the Bundes. FT LONDON INTERBANK FIXING

· . (11,00 a.m. June 4)

LONDON MONEY RATES Month | Months | Months

Treasory Sille (sell): one-month 5's, per cent three months 3's, per cent. Sank, Sills (sell): one-month 5's, per cent, three months 3's, per cent. Treasury Sills: (sell): one-month 5's, per cent, three resents 5's, per cent. Treasury Sills: Average tender rate at discount 9.4880 per cent. ECGD Fixed Finance Scheme IV reference dets May 7 to Jone 3 (inclusive) 10.178 per cent. Local Authority and Finance Houses saven deys fixed. Finance Houses Sase Rates 10's per cent from June 1 1986. Sank 0.0006 Rate for sums at seven days notice 4.35-4.376 per cent. Certificates of Tax 0.0006 Fisches 6): Deposit E100,000 and over held under one recent 10 per cent. One-three months 5's per cent. Under 100,000 5's per cent in the 10 per cent from May 30, Osposits held under Sories 5 5's per cent. Deposits withdraws for each 5's per cent.

FINANCIAL FUTURES

much the same way, recording useful volume at the same time of around 10,000 lots traded. The September price opened at 123-25 up from 123-08 on Tuesday and touched a high of 124-06 before finishing at 123-08.

highs. Lower oil prices provided underlying support but there was considerable uncertainty surrounding the performance of the dollar and ahead of today's US

US Treasury bonds prices held on to some of the day's gains but finished below the day's

Puts-Sept 9.01 9.04 0.11 9.26 0.52 9.80 1.35

US TREASURY BONDS

Spot 1-mth. 3-mth. 6-mth. 12-mth. 1,4835 1.4798 1.4741 1.4870 1.4570

**ERLINUS DE PU
Label High Low Prav

1.4840 1.4890 1.4830 1.4930 1.4930

1.4735 1.4800 1.4746 1.4846

1.4670 1.4740 1.4840 1.4840 1.4840

Aug Sept — 24.80 — 19.80 0.00 10.50 6.55 0.70 2.10 8.60 1.45 1.90 0.70 0.96 int, Galla 5.21

282.4 against 175.6 alx months age.

The Japanese yen finished below the day's best, levels in Tokyo yesterday, prompted to some extent by small scale intervention by the Bank of Japan. The authorities seem unwilling to see the yen/dellar rate move below. Y770 in the run up to next month's general election in Japan. Consequently the dellar recovered from an early low of Y170.35 to finish at Y171.50 op from Y171.35. in Now York although weaker than Tuesday's elose in Tokyo of Y172.15. Trading was mostly rather quiet as the dellar appeared to lack direction in nervous conditions. **CURRENCY MOVEMENTS**

recent sharp decline to finish ar its best level of the day. The dollar closed at DM 2.2775 after opening at DM 2.2765 and compared with DM 2.2760 on Tuesday. Early trading onw the US unit decline in busy trading to a low of DM 2.2580, following bearish comment by various US officials. However there was a recovery towards the middle of the day although the tendency

recovery towards the middle of the day although the tendency appeared to be to run short dellar positions in view of current uncertainty.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.76 to 161.65. May average 167.01. Exchange rate index 202.4 against 175.6 alx months are.

1980-1982-100. Bank of Engli

CURRENCY, RATES

8.86649 2.16468 163,609

OTHER CURRENCIES

E.Af. (Fn), 5.9635-6.90804.0000-4.1570

EMS EUROPEAN CURRENCY UNIT RATES

LIFFE LONG GILT PUTURES OPTIONS

Nervous trading

Three-month sterling deposit growing expectations of an early futures retreated from the day's highs to finish virtually unchanged on the day in the London International Financial lowest level for nearly a month Futures Exchange yesterday. The September contract opened at The September price came back 90.92 np from 90.90 and rose to a high of \$1.01 at one point as from Tuesday.

Long gilt futures acted in

Juna July Aug - 0.05 --0.30 --0.28 1.25 2.20 2.10 1.35 4.60 2.30 11.00 12.10 1.305, 11.50 12.10 1.305, 11.50 4.00 E Caris—Lest
June John Aug Bapt
18.50 13.50 13.50 — 12.50
2.70 4.45 8.15 8.60
0.75 1.50 2.75 2.20
4.05 0.20 1.25 1.75
0.18 0.90 1.25 1.75
0.18 0.90 1.25 41.75

High 63.52 93.70 98.62 93.42 93.43 92.61 92.65 92.61

STERLING INDEX 76.1 9.00 am. '76.0 76.2 76.1 76.1

19.90 am 78.3. - 2.00 pm 75.7 76.1 3.00 pm 75.7 76.I

German D-mark 7.3935
German D-mark 7.3935
German D-mark 2.13834
French France 8.5230
Dutch Guider 2.4535
Irlah Purt 0.71255
Ivalian Ura 1496.21

8% Guaranteed Bonds due 1996

Japan

Bank of Tokyo International Limited

Citicorp Investment Bank Limited

Crédit Lyonnais **IBJ** International Limited

Ove reference backs at 11 sm each working day. The banks are National Westminster Sank, Bank of Tokyo, Osutsche Bank, Banqua Nationals de Party and Morgan Goursoty Trust.

Manufacturers Hanover Limited

Bankers Trust International Limited

County Bank Limited

Baring Brothers & Co., Limited

Kredietbank S.A. Luxembourgeoise

Goldman Sachs International Corp.

Morgan Stanley International Shearson Lehman Brothers International, Inc.

Union Bank of Switzerland (Securities) Limited

Yamaichi International (Europe) Limited Application has been made for the 24,000 Bonds of U.S. \$5,000 each to be admitted to the Official List by the Council of The Stock Exchange. Interest on the Bonds will accrue from 30th June. 1986 and will be payable annually in arrears on 20th June in

cach year. Particulars of the Bonds and the Issuer are available in the Extel Statistical Service. Copies of the listing particulars relating to the Bonds may be obtained during usual business hours on any weekday (Saturday excepted) up to and including Monday, 9th June. 1986 from the Company Announcements Office of The Stock Exchange and up to and including Thursday, 19th June. 1986

LTCB International Limited

Cazenove & Co. 12 Tokenhouse Yard,

Sth Tune, 1986.

the currency managers, currency forecasters & currency options ad-Corporate treasurers and finance directors with IBM PCs have proved the outstanding value of this package £2.530 or £32 weekly including free Prestel subscription FOREXIA (U.K.) LINITED 46 LIMERSTON STREET, LONDON SW 10 0414. Tel: 01-351 0350, Teles: 268048, Presiel: *86130*

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THE COMPANIES ACT 1935

NOTICE IS HERRBY CIVEN that the Drdor of the Kigh Coart of Justice (Chancery Division) dated the 12th May 1986 confirming the cancellation of the Share Premium Account of the abovenamed Company of E3,414,348 was registered by the Register of Companies on 28th May 1938,

Dated this 3rd day of June 1986,

BERWIN LEIGHTON of Adolarde House London Bridge
London Bridge
London House London House Company



JAPAN AIR LINES COMPANY, LTD.

(Incorporated with limited liability under the Law of Japan)

U.S.\$100,000,000

Unconditionally guaranteed as to payment of principal and interest by

The fullowing have ingreed to subscribe or procure subscribers for the Bonds

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18 King William Street, London EC4N 7BR

London EC2R 7AN

36 BRITISH FUNOS 1986 Proc :+ or Yould 1896 Low Stack £ - tot. Red.	AMERICANS—Cont. 1996 Price + or Div Ynd High Low Steck & - Green Cur Sir's	ENGINEERING—Continued INDUSTRIALS—Continued State Price - Not Price - Not State Price - Not Stat
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RECENT ISSUES

EQUITIES

Account Dealing Dates

Dealines tions Dealings Day May 12 May 29 May 30 June 9 June 2 June 12 June 13 June 23 June 16 June 26 June 27 July 7

Fresh funding operations falled to unnerve either bond or share markets in London yesterday. The counter-attraction of the Epsom Derhy obviously restrained both attendance and husiness but investment internal husiness but investment interest was sufficient to lift Government securities from recent low levels and promote underlying firmness to leading shares.

ness to leading shares.

Interest rate optimism continued to support market sentiment, and the other feature of the day was confirmation of the widely-rumoured deal bt. - en Dee Corporation and Associated British Foods. Dee has acquired the Fine Fare and Shoppers Paradise chains of AB Foods via a share exchange agreement. This involved a large placing of 147.5m shares on a partly-paid basis which was effected within a few hours.

Investors' cash resources were also tapped by Hanson Trust which placed a short 10m shares on behalf of their managers with various UK and US institutions. various UK and US institutions. Few funds were thus available for investment in other bline chip issues with the notable exception Reed International. Excellent annual profits coupled with a proposal to sub-divide the shares aroused considerable activity and Reed closed 78 up at 922p.

Other price movements were minimal and the FT-SE 100 share index, after being 4.3 down just before 10 am, ended a mere 0.8 off st 1,601.4. The FT Ordinary share index settled 0.2 up at 1306

Wall Street's last-minute surge Wall Street's last minute surge on Tuesday failed to impress equity investors but the hounce in the hond market there gave encouragement to potential Glit-edged huyers. Longer maturities rebounded ½ before the upturn faded with sterling, which closed a shade easier against the dollar, and few atocks closed more than ½ up on the session.

Expectations of a half-point

typ on the session.

Expectations of a half-point cut in hank base rates to 9½ per cent either this or next week ensured stability among the shorts, although trade was light. Business also contracted in the index-linked sector and occarional prefs taking checked the

EQUITY GROUPS

Account Dealing Dates Option *First Declara: Last Account Dealings these Dealings Day Dealings these Dealings Day Markets shrug off effects of further fund-raising moves

Circle wbich shed 15 for a two-day loss of 30 to 645p. Elsewhere io the Building sector, BPB Industries slipped 8 to 492p and Rediand softened 3 to 432p. Robert M. Donglas attracted fresh speculative demand and gained 8 to 115p, while Turriff Corporation rose 7 more to 182p in a restricted market. Gleeson hardened 5 to 368p, but recentlyin a restricted instruct of tession hardened 5 to 368p, but recenliy-firm Federated Housing encoutered profit-taking and gave up 8 to 148p.

Mail orders rally

The settlement of the national postal dispute gave a muchneeded boost to recently depressed Mail orders. Quotations finished helow the day's best, but rises still extended into double-figures. Freemans advanced 15 to 394p, after 398p, while Grattan, the subject of a hullish circular from brokers de Zoete and Bayan, touched 406p

while Grattan, the subject of a hulbish circular from brokers de Zoete and Bevan, touched 406p before closing 10 higher on balance at 402p. Empire, additionally huoyed by the confident tenor of the chairman's statement at the annual meeting, rose 12 to 194p.

Leading Retailers held close to the overoight levels in extremely thin trading. Woolworth hardened 10 to 855p awaiting fresh moves in the Dixons bld situation; the latter firmed a couple of pence to 350p. Elsewhere, Gallaher's surprise bid for NSS Newsagents again prompted support for Alfred Preedy which improved 12 more to 123p. In contrast, sellers beld swsy in John Menzies, finally 7 cheaper at 303p. Revived speculative demand lifted Executex Clothes 14 to 110p and Etam 8 to 222p, while renewed interest in a relatively narrow market lifted T & S Stores 10 to 225p. Hopes of an immlnent statement conceroing the bid approaches saw Martin Ford 5 up at 30p. a two-day advance of 11.

Rotaflex touched a new peak of 390p early in the session on hopes of an increased offer from

day advance of 11.

Expectations of a half-point cut in hank base rates to 9; percent either this or next week ensured stability among the shorts, although trade was light. Business also contracted in the index-linked sector and occasional profit taking checked the recent upturn.

Barclays down again

A profits downgrading of Barclays by stockbrokers de Zoete and Bevan, which came hard on the heels of a significant downward revision by Rowe and founterest in the other clearers. Barclays closed 5 lower at 482p, as did NatWest at 745p, while Lloyds, 542p, and Midland, 522p, cheapened 3 apiece.

The postponemeot of the 4 percent cament price increase which was ue to be implemented in July continued to depress Blue

A profit taking checked the recent upturn.

Barclays down again a profit taking to end 7. lower on halance at 378p, Elsewhere in Electricas. Process Systems remained a depressed market in the wake of the Board's profits warning and slipped 3 more to a new low of 37p; the shares were trading around the 100p level a week ago. CASE came on offer at 87p, down 13, while Cambridge lastruments relinquished 8 at 247p. Burgess Products, on the other hand, advanced 12 more to 226p following renewed speculs-a similar nature in a thin market left Microgen 43 higher at 390p, after 400p. Buying sheed of the forthcoming results, in left down the forthcoming results, in left down the forthcoming results, which is the forthcoming results and t

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times,

the Institute of Actuaries and the Faculty of Actuaries

Weds June 4 1986

	June	Jane		Nam	May.	year	19	06	Since Co	copilation
	4	3	2 -	30	29	880	High	Low	High	Low
Coverament Secs	91:61	91.73	91.73	91.60	92.24	81.86	90.51	80.39 (207/86)	127A (9/1/35)	49.18
Fixed Interest	96.94	96.94	96.92	96.89	97.35	86,30	97.51	86.55 (23/1/86)	150.4	50.53 (3/1/75)
Ordinary 🛡	1320.6	1320.4	1316.4	1321.2	1326.8	1017.1	1425.9 (34486)	1094.3	3425.9 (3/4/66)	49,4
Gold Mines	224.4	215.9	215.5	2151	222.2	444.3	357.0 (27/1/84)	215.1	734.7 (15/2/83)	43.5
Ord. Olv. Yield	4.20	4.20	4:20	4.19	4.16	4.56		S.E. A	TIVITY	
Earnings Vid.%(hat)	1036	20.50	Sudi.	2036	1851	11A3	le	dices	June 3	June 2
VE Ratio (net) (*)	11.79	11.79	11:76	11.79	23,86	10.68	Cilt Edged		139.3	1265
Tetal Bargains (Ess)	24,571	23,660	25,898	29,256	27,256	22,678	Equity San Equity Val		1000.5	153.9
Seetly Turnover Sec	_	494.98	745.64	707.24	831.29	351.90	5-Day Ave	rage		
Equity Bargains		22,252	25,747	28,054	26,201	18,213	Gat Edged Equity Burn		133.4 159.8	190.7 158.2
Strates Traded (mil)		241.2	359.5	· 335.4	445.4	223.2	Epolo Val		1428.8	13955

STC, after 144p.

GKN met with late support; and closed 8 dearer at 345p. Elsewhere in Engineerings, United Spring rose \$\frac{1}{2}\$ to \$\fra moved up 3 to 38p for the same reason.

The Food sector provided many of the day's more interesting movements with the Dee Corporation / Associated British Foods. Fine Fare deal stimulating a lively trade in Food Retailing issues. Following the successful vendor share placing to finance the Fine Fare acquisition from AB Foods, Dee Corporation closed 7 lower at 245p, after 240p; AB Foods encountered profit-taking and closed 12 down at 334p. Other major Food Retailers gave ground initially, on competition fears before rallying on bearchosing. J. Sainshury finished 4 off. at 354p, after 348p, and Tescoeased 6 to 352p, after 348p. Argyll shed 10 to 330p and Asda-MFI 4 to 146p. Elsewhere, Cadhniry Schweppes, which on Monday made a vendor placing to partly finance the purchase of Caidada Dry from Nablsco, gained 9 to 189p on aggressive US buying. Ranks Hovis McDongaill continued to reflect Berlisford stake sale bopes and rose 6 more to 222p; Northern Foods, 4 dearer at 282p; werebeling mentioned yesterday as possible buyers.

Hestair wanted

Moq Jene 2

Fri May 30

(addicar) ago Aegr

Among Leisure issues, Brent Walker attracted support on rumours of a broker's circular and rose 8 to 167p, while USM-quoted Sangers, Photographic gained a like-amount, to 112p, WSL firmed S to 195p on expansion hopes.

Hestair wanted

Speculative thying to sleed by the state of a possible of the state of the st

"Advertising agencles took Tuesday's recovery a stage further.' Valla Pollen touched 295p before settling 24 higher on balance at 195p in response to the increased interim profits, dividend and the chairman's confident statement. Dealings in

1,120 1,120

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AEGN | AE

interest in the wake of the acquisition of St Regls.

Occasional buying interest was forthcoming for Property leaders. Hammerson A rose 10 to 450p and Peachey hardened a couple of pence to 265p. Else where, Mountleigh, which on Tuesday announced the acquisition of a portfolio of properties for £57.8m, rose 55 to 900p, but Regalian encountered scrappy selling and shed 20 to S35p; the latter's annual results are due next Wednesday. Stockley taded firmly ahead of Friday's official opening of the Stockley Park development and closed 3 dearer at 57p, while similar gains were seen in Egerton Trust at 35p and Phoenix Property at 38p. Frognore Estates found support at 194p, np 6, while Percy Bilton rallied a couple of pence to 280p. Firm on Tuesday following bid news, Samuel Properties eased 7 to 255p. Country Gentlemen's Association were quoted at £23 basis, down 14, pending further developments in the battle for central of the company between Fredericks Place and Best-wood.

TRADITIONAL OPTIONS

First Last Last Fer Deal- Declara-Settle-ings ings tion ment May 19 June 6 Aug 28 Sept 28 June 22 July 100 Central Noney was given for the call of Brown and Jackson, Dixons, will fine and Jackson, Dixons, and 6 dearer at 41p:

Tin rallied 4 to 29p on news that the company had postpoined a decision to close the mine for take in Good and appointed Mr Edward Nassar to the board: Mr Nassar to t

reveal full-year figures shortly and 6 dearer at 41p.

R. Dutch firm

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May 30

LTSB30

LT3.555 RAZ.70 FL110.40 FL292.58 F.173

PL114 FL50.00 L1730

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FL56.10 FL198.60

F1.95.60 FLA73.50

A fresh slide in oil prices fol-lowing bearish US stocks data had little impact on the leading oils which generally marked

Royal Datch were an exception and put on almost s point to 252; following sustained buying interest from the Continent. Movements in the second-liners were minimal but Charterhall continued to attract good support continued to attract good support following Westmer's recent moves to gain control and put on 8 more to 32p. Great Western Resources added a similar amount to 73p while speculative demand lifted Warrior Resources 6 more to 34p.

Financials and Platinums mirrored the performance of Golds. Anglo American Corporation edged up 5 to 725p on further consideration of the record preliminary profits announced on Monday, "Amgold" advanced £1; more to £40j. De Beers hardened 4 to £17p, while in Platinums, Rustenburg jumped 35 to 560p and Impala added 22 at 540p. Lydenburg moved up 37 to 475p.

burg moved up 37 to 475p.

In the UK-domiciled issues, lack of interest left Rio Tinto-Zinc 5 cheaper at 648p and Conselldated Gold Fields a couple of pence off at 443p. Hampton Areas, on the other band, rose 3 more to a 1986 bigh of 148p reflecting hopes of a bid battle developing between the Alan Bond-controlled Metals Exploration, currently bidding 130p a share for Hampton Areas, and Mr Ron Brierley's IEP Securities which recently announced a holding of around 5 per cent in the UK-based company. Geevor Tin rallied 4 to 29p on news that the company had postponed a decision to close the mine for good and appointed Mr Edward Nassar to the board; Mr Nassar acquired RTZ's 18-8 per cent stake in Geevor a couple of months ago.

Golds were outstanding in a

out in BSG International.

The recent rally in South
African Golds gathered pace
during morning trading when renewed bear closing took share
prices sharply higher. However,
a lste decline in the Financial
Rand triggered sustained selling
of most South African issues
from the majority of international dealing centres and
prices ran back to close well
below the day's best levels.

Wood, Lee Cooper, Charterhall, Hall Engineering, Evode, Prest-wich and Pineapple Dance Studios. Puts were transacted in Polly Peck, Hanson Trust and Charterhall. A double was taken

FIXED INTEREST STOCKS

tssec Price				96	Stock	Proce	1
£		Date	High	LOW		£	۱ ۱ ۱
99.999 999.256 11 100 109.89 97.963 105.523 999.793 100 999.623 997.749 999.888 997.749 99.873 £100 §100		11/7 29/8 14/8 29/8 24/10 21/9 14/7 24/9 14/8 30/6 26/9 11/7 18/7 8/8 12/9 14/5	**************************************	24 29 99 99 304 224 224 99 224 99 244 404 404 92	ASDB Prote. 10,1% Ist. Nrt. Deb. 2011 Brit. Alexa Alexander 10,1% Deb. Dec. 2011 Brit. Erro. Secs. 101,1% Deb. Dec. 2011 Brit. Erro. Secs. 101,1% Deb. Dec. 2011 Cambridge Water 107% Dec. Dec. 2014 Gr. Portland 91,7% 1st. Mort. Deb. 2018 Land Security 107% 1st. Mort. Deb. 2016 Land Security 107% 1st. Mort. Deb. 2016 Land Security 107% 1st. Mort. Deb. 2016 Land Security 107% 1st. Mort. Dec. 2026 Mat Southern Water 107% Dec. Deb. 75,798 Rittorneside Bid Sec. 97% 1st. Mort. Deb. 2021 Portland 97% 1st. Mort. Deb. 2021 Secr. Mat. Treat 107% Dec. 2021 Secr. Mat. Treat 107% Dec. 2021 Top. Ext. 107% 1st. Mort. Deb. 2011 Top. Ext. 107% 1st. Mort. Deb. 2011 Water 107% Red. Deb. 1996/98	22° 39° 21° 22° 22° 22° 22° 22° 22° 22° 22° 22	++ - + + + + + + + + + + + + + + + + +

"RIGHTS" OFFERS

lysue		Latest Renunc.	19	86	Stock	Price	+•
Price	mb.	Date	High	Low		P	匚
35 355 110 310 200	F.P.	20/6	62		Ashtey Ind. Tst. 'A'	_ 53	[=]
355	MIL	18/7	55pm	50pm	Berkeley Group	50pm)
110	MII	23/7	29am		Britanota Arrow	29am) ·
310	160	25/6	46pm	390m	Stemati Cl.	43am	١
200	Nit	4/7	175pm		Cater Allen £1	15000	i
316	142	4/7	1800	1400	Cress III)	18pm	l
30	Ne	18/7	Вреп		Freder Agricultural 10p	400	ļ ~ <u>1</u>
316 30 300 225 125 235 235 56 45 303	NE	1 -	45am	38pm	Gerrard & Natl.	45pm	+3
225	MIS	22/7	32pm	23.pm	Harris Queensway 200	1200	-3
125	F.P.	477	192	134	Hestar	192	
235	NI		26pm	20pm	Lep Group 2p	20pm	ļ — 7
235	NH	_	27pm	2300	McCarthy & Stone 200	23mm	1-4
56	MARI	7/7	11cm	Spm	Micro Bus. Systems 5p	Boso	ł
45	Nil	21/7	500mm	43om	Molyos 200	4500	-2
103	F.P.	27/6	113	108	Pres. Entertain 500	108	}
a	MA	15/7	1om	Appen	+Property Trest 'A' Ip	200	ļ
600	NIII	22/7	190cm		Prodeptial Corp	1.55pm	-3
113	F.P.	27/6	156		Reipers 100	146	
273	NH	3/7	55pm		Robusco (Thos.)	380-]-5
600 113 275 500	F.P	12%	605	565	Rosehaugh 20p.	590	
2	MI	1177	24cpm	11 years	Potagovet typ	2pm]

RISES AND FALLS

YESTERDAY British Fords
Corpns Dom &
Foreign Bonds
Industrials
Financial & Props. 27 2 281 252 99 78 16 15 — 1 67 25

631. 452 1,713 **NEW HIGHS AND**

NEW LOWS (23)
CANADIANS (1) Imperial Oil BUILDINGS (1) Lawrence (W) 8.5c;
ConvRadPi, ELECTRICALS (5) Electro-

BREWERS (1). BUILDINGS (5).
CHEMICALS (2). STORES (4). BEGTRICALS (8). ENGINEERING (4).
FOODS (2). HOTELS (1). INDUSTRIAGS
(18). LEISURE (1). MOTORS (4).
PAPER (3). PROPERTY (7). TOOLISE
(1). TRUSTS (12). OILS (2).
MINES (2).

WEW LOWS (23).

LOWS FOR 1986

(2). (1),	Chemical INSURANC LEISURE Medis Te (1) Lyls Si morton US OILS (1) Wil Nigel	E (1) (4) Chry ch, Samu hipping, T M Trust, Moray f	Windsonsalis, tolson, RUSTS (Smith New York)	Linni SHIP 2) Ti w C

& SUB-SECTIONS Weds June 4 198					986		Jame 3	Jone 2	30 May	(statust)	19	onfide	nt statement	Dea	alings in	oils	s which	ch gene	rally mar
Figures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yorld % (Mast.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	ed adj 1966 to date	Lodet No.	Index No.	Index No.	Indés No.		CT	TERDAY	CK	noted in	A	CTIV	DAY'S	OCKS
1 CAPITAL GOODS (214) 2 Building Materials (26) 5 Contracting, Construction (29) 4 Electricals (12) 5 Electrosis (38) 6 Mechanical Engineering (64) g Metals and Metal Forming (7) 9 Motors (16) 10 Other (ndustrial Materials (22) 1 EOMSUMER SROUP (183) 22 Brewers and Distiders (22) 25 Food Manufacturing (22) 26 Food Retailing (1,5) 27 Health and Household Products (10) 29 Leisure (25) 20 Publishing & Printing (14) 31 Packaging and Paper (14) 33 Packaging and Paper (14)	794.97 1191.54 1697.60 411.57 349.65 294.80 1311.89 903.64 914.57 664.71 1783.53 1524.46 879.44 457.33 879.54	+0.2 -0.7 -0.2 -0.1 +0.8 - -0.1 -1.8 +0.4 - +3.1 	8.29 · 8.57 8.15 7.55 8.85 9.26 7.37 6.31 7.87 9.39 7.18 5.52 7.36 6.63 7.31 6.63 9.39	3.50 3.54 4.01 3.89 2.75 3.86 4.84 3.18 3.50 3.59 2.73 2.21 4.90 3.43 2.68	15.37 14.78 16.88 17.59 14.98 13.69 17.47 12.98 19.05 15.94 12.87 13.86 18.91 21.34 16.59 17.13 21.69 17.13	30.53 9.80 5.94 4.35 3.60 13.86 19.91 9.72 13.07 6.52 14.01 28.02 4.64 9.17	801.00 1193.57 1937.99 1693.69 412.24 349.66 349.66 349.66 349.66 151.76 665.32 161.66 879.61 2384.80 457.00	803.35 1188.98 11941.97 1674.49 410.48 349.83 292.58 1307.66 897.93 910.00 661.42 1813.65 1516.76 875.87 2376.86 454.34 872.19	1189.71 1924.07 1671.38 411.37 350.46 293.53 1313.21 899.26 917.43 658.58 1819.47 1517.74 871.84 2369.92 455.62 875.74	536.64 783.84 1532.54 1531.17 314.92 202.50 171.02 1004.97 683.36 614.91 510.40 1662.78 1124.51 701.75 1825.11 334.71 660.85	COEHTLARR	Stock	Schweppes Stores ank Bank Company Company Stores	Closin price 334 515 580 169 245 124 198 542 542 530 171	Day e change 12 + 35 7 + 18 3 + 86 7	Sen	itock nuel Pr ith (0. ith (0. ith (0. ith Clircle rel Inecentel Inecentel Inecentel Inde Inde Inde Inde Inde Inde Inde Inde	S.) 19 17 17 13 13 13 13 12 12 12 12 12	7 Tues. D 3 close ch 273 + 233 - 864 - 183 - 158pm - 390 + 630 + 823 - 920 + 151 + 210 +
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51 Oil & Gas (17) 59 S00 SHARE INDEX(500)	872.82		9.05	3.80	13.53	13.21	873.33		869.99	707.87	1.			_	June	. 5	Sept.	Dec.	+
61 FTRANCIAL GROUP (116) 62 Bards (7) 65 Insurance (Life) (9) 66 Insurance (Composite) (7) 67 Insurance (Brokers) (8) 68 Merchant Bards (11) 69 Property (51) 70 Other Financial (23) 71 Investment Trusts (103) 81 Mining Finance (3) 91 Overseas Traders (14) 99 ALL-SHARE (NDEX (736)	579.82 609.54 795.42 467.33 1156.89 345.72 764.33 345.52 748.58	-0.1 -0.6 -0.2 -0.1 +0.9 -0.3 +0.2 +0.1 -0.6 - -0.1 Day's Change	19.22 	4.52 5.57 4.67 4.14 3.17 3.46 4.43 2.98 5.66 6.16 3.92 Day's Low	7.22 	10.46 14.03 17.27 9.46 23.40 1.94 8.81 3.99 6.46 6.11 18.88 10.78 June 2	580.34 613.47 796.70 467.63	582.09 615.60 796.48 474.45 1151.67 344.56 760.50 343.66 747.28 285.65 671.47 787.18 May 29	587.15 624.64 803.15 481.23 1153.54 344.81 -762.52 343.61 746.56 283.94 684.22	477.46 475.56 748.58 360.74 1190.12 229.70 628.17 284.11 608.44 284.82 657.91 644.21 Year age	÷ .		6 F1.246 6 F1.256 6 F1.256 6 F1.256 6 F1.270 6 F1.270 6 F1.270 7 F1.276 7 F1.276	200 III	 -	1 - 2 3 1 1 2 4 7 7 3 9 2 2 1 1 3 5 7 5 2 - 10	16.508 10.30 8.30 6.440 3.40 1.70 1.80A 2.80A 3.50 7.50 10.70	30 7.90 30 3.4 31 5 23 21.5	12 14 110 14 14 14 14 14 14 14 14 14 14 14 14 14
				-			1			T	٠,				July	<u>, </u>	Oct.	Jac.	
EIYEN INTED	ECT			AVER	AGE GR	OSS_	.	Weds June	Toes Jame	Year		ABN	C F1.620 P F1.700	15	5.90	30	14.50	a 20.5	FI.583

FIX	KED	INTE	REST	r			AVERAGE GROSS REDEMPTION YIELDS	Weds Jane 4	Toes Jane 3	(appear)
PRICE JNBICES	Weds June 4	Day's change	Tues Juste 3	nd adj. today	2d 2d). 1986 to date		British Government,	7.55°° 8.81 8.84	7.55 8.82 8.85	10.31 10.58 10.25
British Government 1 5 years	124.28 145.71 152.29 171.41	+0.34	124.17 145.58 152.09 178.83	=======================================	5.12 4.58 5.67 6.30	5 6 7 8 9	Medium 5 years	8.91 9.18 9.19 9.05 9.33 9.23 8.72	8.93 9.19 9.21 9.87 9.34 9.25 8.75	11.34 10.46 10.43 11.43 11.02 10.61 10.08
Indix-Linked 6 5 years 7 Over 5 years 8 All stocks	113.39 120.34	~0.97 +0.03	113.47 120.30 119.06	_ _ _	0.81 1.21 1.14	11 12 13 14	hodex-Linked (offair's rate 5% 5 yrs Inflair's rate 5% 0ver 5 yrs Inflair's rate 10% 0ver 5 yrs Inflair's rate 10% 0ver 5 yrs Belts & 5 years	3.28 2.52 3.13	3.65 3.28 2.48 3.13	65 65 90 90 ;
9 Sebestares & Louis	120.73 89.60	+0.23 -0.17	120.45 89.15		5.47 3.18	17	Loans 15 years	10.17 10.14 10.80	10.21 10.16 10.78	71.69 11.49 12.54

ning Index 1599.0; 10 am 1598.3; 11 am 1599.3; Noon 1599.3; 1 pm 1599.5; 2 pm 1600.4; 3 pm 1601.1; 3.50 pm 1601.6; 4 pm 1601.7.

LONDON TRADED OPTIONS 40 55 22 32 8.P. (*583) 172 75 45 67 47 28 55 40 20 7 28 70 16 43 72 120 4 12 24 49 M M 19 20 6 19 12 33 60 Tr. 214% 1991 (*£111) 10 29 75 115 Tr. 114% 03/07 14 12 48 Sep. Dec. 58 40 25 2 E0 57 12 25 43 10 17 45 85 42 ZJ 02 20 11 2 5 20 127 140 85 97 50 62 35 46 26 35 14 20 73 300 330 360 390 25 15 6 950 950 950 2000 10 25 34 150 160 165 100 200 38 57 17 9 Aug. Nov. Feb. Aug. Nov. Feb. 525 40 30 20 11 11 867 18 40 77 11 24 38 11 22 150 18 25 30 7 160 9 122 18 19 300 70 80 — 1 350 22 32 — 15 14 25 FT-SE 1525 hadex 1550 (*1602) 1575 1600 1625 1650 1675 1700 108 91 82 70 58 48 110 14 26 20 15 20 15 20 15

STOCKS

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MONTREAL Closing prices June 3

1					WUKLI) STUCK MARKETS	
1	AUSTRIA. June 4 Price + or	GERMANY	NORWAY June 4 Price + or	Price + or	JAPAN (continued) Price + or June 4 Yan :	CANADA	
•	Sch. — Credit'nst'lt pp. 8,210 +10	Om	Kroner	June. 4 Aust.8 — Oen. Prop. Trust 2.74 +0.82	MH1	CANADA	
4	Goesser	Altanz Vers 2,302 +25 BASF	Christiana Bank. 164 DenNorske Cred. 155 +2.5 Elkem	Hardie Usmas 5.4 Hartogen Energy 1.8 Heraid WyTimes 2.4 Riot Australia 2.2 - 0.05	Mittel Bank	Sales Stack High Low Class Chag Sales Stack High Low Class Cha	Sales Stack 19th Low Close Chang Sales Stack 16th Low
ξ.	Perimooser	Bayer Verein 515 . +5	Kværner	Kia Ora Gold 0.14	Mitsukoshi 1,060 —20 HOK insulators 970 —10 Hikko Sec 1,050 —30	TORONTO 18919 Comince 170, 137, 137, 137, 137, 137, 137, 137, 137	700 Lacana 575 717 717 11 700 Scotts 1 54012 4011 3320 Laidine A 52012 2012 11 94005 Seagram 5876 853 6800 Laidine B 1 52014 20 20 -18 20164 Sears Can 51412 14
	BELGIUM/LUXEMBOURG	BMW 555 +4	Norsk Data 991xc Norsk Hydro 127.6 +0.6 Storebrand 846 +11	DO LOS	Nippon Censo	17 ICES III 200 PM 300 CONNERS 165 165 165 165	23200 Leight that 33% 5% 5% 12 50 Sellent A I 524% 23% 500 Lobiew Co 812% 12% 12% 14 4000 Shell Can 523 22%
	June 4 Price + or	Cont'l Gemmi 245 +8 Daimisr Benz 1,310 +28 Degussa 443 +3,2	SPAIN	Hews 22 -0.5	Hippon Kotan 1140 +80	700 Abertord \$54 54 55 1 1300 Con Glees \$25 201 202	42000 MICC \$6% 672 6% + % 26710 Southm \$25% 26% 8200 Michan H X \$1912 19 1908 26710 Southm \$25% 27% 27
	3.B.L 3.075 -15. Bang. Gen. Lux 12.600	O'sche Baboock, 1884 Deutsche Bank 779 +9 Orasdner Bank 404 . +7	June 4 Price + or	North Bkn Hill _ 1.9	Hippon Steel 190 +70 Hippon Steel 190 +5	2700 Abirbi Pr 526, 26, 26, +1, 400 CT, Bank 355, 57, 58, 11000 Actioneds 5200, 20 20 -1, 200 Convent 6 555, 65, 65, 65, 65, 65, 65, 65, 65,	52552 Macmitan 5349 84 345 + 18875 Stelco A 5259, 2514 34076 Magna A 1 5349 34 345 + 1 3300 Stelco A 8 49
	Banq. Int.A.Lux., 16,800 Bekaert	Hankal 599 +14	Beo Bilbao	Pancontinental 1.95 +0.1 Pioneer Conc 2.80.05	Nippon Yusen 421 +15 Nippon Yusen 421 +15 Nissan Motor 549 -1	11100 Albrita H \$1304 75 13 +14 1500 Consum Line \$444 165 1654 1655 Alcan \$446 441 441 441 -54 5500 Grown A \$3304 330 330 330 330 340 441 441 441 441 441 441 441 441 441 4	3000 Mark Spric \$23's 23's 10505 Terra Min 195 190 55511 Mars Fer 490 435 440 -15 52250 Terraco Can \$27's 27's
	Oalheize	Hochtlet	Boo Popular 416 -9 Boo Popular 1085 -17	Reckitta Colman 4.75	Hisshin Flour 716 +33 Homura 2,070 +20	907 Algoria St 516% 14% 16% - 10 1000 Czar Res 130 125 125 - 1 1000 Assumera 3912 516 312 125 - 1 1000 Decision A p 87 616 616 - 1 1000 Decision B 1 557, 617 618 - 1 100 Decision B 1 557, 617 618 - 1 100 Devision B 1 557, 618 - 1 100 Devision	1100 Mertand E 190 190 190 190 18653 Tor Dm Sk \$234 25 18000 Marri Res 250 245 245 -7 2600 Tor Sun 2393 29 197450 Metal Corp \$734 75 75 75 25 260 Tor Sun 2393 29 197450 Metal Corp \$734 75 75 75 25 260 Tor Sun 2393 29 20 25 25 25 25 25 25 25 25 25 25 25 25 25
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	Generale Bank 2,540 +20 Gevaert	Kaufhof 420 +12 KHO 414 +6 Kloeckrer 49, 6 -0,5	fberdusro	Mestern woming : 2.2% + 0.04	Ricoh	7700 Santster C 395 56 86 -1 51564 Done Cda 475 460 460 -1 51544 Sk BCot 540 555 340 +5 87700 Done Mine 585 872 67 -1 5964 Done 686 875 872 67 -1 5964 Done 686 875 875 875 875 875 875 875 875 875 875	20007 Net 8k Can \$256 252 256 + 1 150157 TmAlta UA \$261 26 250 177
	Kredietbank 16,275 —25	Linds 588 +2.0	SWEDEN	Westpac Sank 5.12 +0.84 Woodskie Petrol 0.94 +0.81 Woodworths 3.15 -0.81 Wormaid Intl 4.12 I -0.63	Sanyo Elect 423 +1	105763 Bit NScot \$151, 147, 15 1246 0 Textile \$20% 20% 20% +1	12200 NR CapA 1 59 8/6 8/8 4184 Trimec 230 225 2875 NRd LP A 5185 185 185 185 196 1900 Tricec A 1 53872 3874
~	soc. Gen, Beige., 9,930 - 20 sofina 2,800 - 100	MAN	June 4 Kronor -		Seven Eleven	155 Bow Valy \$105 105 105 105 - 1 45460 Dylax A \$155 150 150 150 150 150 150 150 150 150	1 00308 Norden \$131 ₄ 131 ₂ 131 ₂ 125 Un Carbid \$161 ₄ 163 ₄ 1634 1654 1657 Ord \$125 ₆ 125 ₆ 125 ₆ 125 ₇ 125 ₈
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. ?		RheinWest Elect 296 +8 Rosenthal 655	Cardo (Free) 506	Bank East Asia 18.2 -0.1 Oethey Pacific 5.5 -0.58	Stome Corn 367 +2	98005 BC ForP \$1276 1256 1256 400 Finning A \$1576 1576 1576 40015 BC Res 140 138 140 +3 6770 FChy Fin \$1576 15 15	12500 Nu West 33 32 32 -1 5000 Vulcan ind \$5% 5% 5% 5000 Number \$8% 8% 8% 8% 1112 Wayer A 616 18
	DENMARK	Thyssen 156 +4 Varta 695 +5 Vebs 960.0 +9.2	Electrolux 8	Cheung Kong 20.5	S'tomo Elect	4700 CC1 B 1 \$106 106 106 +34 36210 GB2 MEN \$1214 1214 1214	3000 Coslett B f 275 275 275 -8 4200 Watburne 218% 157- 400 Omega Hyd 85 5 5 +20 7250 Watburne 58 147- 580 Ostowa A 1 84412 44 45 -12 3250 Wastern 58 77a
A 1	Andelsbaken 352 +4	V.E:W	Sash ScanieFree' 845 - 9 Sandvik www. 89015	Hang Seng Bank 35.2 +0.02 Henderson Land 2,12 +0.02 HK Chinz Gas 14.2 HK Electric 8,95	Talyo Kobe Bank 705 Talenda 1,640 +130 TDK 6,050 -150 Tcilin 315 +5	900 Cambridg 8237; 251; 252; +6 1065 Görtlar \$10 \$1, 57, +7 2552 Camp RLk \$211; 201; 21 1500 Gördsorp 1 881, 61, 61, 61, 201; 200; 21 15200 Gördsorp 1 881, 61, 61, 61, 61, 61, 61, 61, 61, 61, 6	' 41 10 POUM A 5165= 16 15 - 's 6774 Woodwel A S7 6's
	Balcica Skand 640	ITALY	SKF	HK Kowloon Wh. 6,85 -0,85 HK Land 6,05 -0,05 HK Shanchal Sk. 6,79	Tea Nenryo / 1,700 +50 Tekai Bank / 965 +2 Tokio Marina 1 250 +10	351 CCampear 1 \$274 274 274 -14 5700 Guart A 1 5174 1274 1274	200 Pembina \$151 ₂ 151 ₂ 151 ₃ + 1 ₃
;	Oanske Bank 325 +5 Oe Denske Luft 1,650, East Aniatie 226 +B Ferenede Brygp. 1,160 +90 Ferenede Damg. 921 +1	June 4 Price + or Ura - Banco Com'le 28,390 -610	Stora Koppuring 620 —6 Swedish Match 555 +6 Volvo B IFree) 480 —2	HK Telephone	Tokyo East Pwr 5,850	550 CDC 1 876 76 75 157 157 157 157 157 157 157 157 157	3900 Pacer O 522 213, 217, 3900 Pacer O 581, 6 81, -1, MONTREA
		Bastogi-IRBS 922 59	SWITZERLAND	Shell Elect 0.98	Toshiba Elect 559 +1 Toshiba Elect 429 -1 Toyo Selkan 3,170 -40	200 Can Trust \$530, 530, 530, 1030 11 52968 8 574 74 74 14 12795 H Bay Co \$296 296 296 296 1	1 1000 Precamb 350 350 350 +18
-	Hovo Inds* 1,585 - 50 Privatbanken 979 + 5 Provinsbaken 696 + 9	C.LR	June 4 Price + or frs	World Int. Hidgs: 2,35	Toyota Motor 1,52050 Uff Inds 290 +12 Victor 3,160 -60 Yenaha 759 +14	61776 CB Sk Coon \$185, 185, 185, 185, 185, 185, 185, 185,	1500 Cius Tel 215 15 15 16 298 Bombrdr A 5211, 214 400 Cius Enor Bittle 1812 1816 -16 422 Bombrdr B 2012, 2014 11600 Rayrock 3616 64 65 4 14 73138 Casandes 8124 124 267 267 8 424 26 4 4300 Cil, 5321 234
	Smidth iF.L. 8 291 +1 Sophun Berend 905 +5	La Rinascante	Bank Leu 6,600 +50	j j	Yamzichi Sec 1,050 —10 Y'manouchiPhm's 090 +10 Yamzzak	2018 CUS A 1 819 18/4 29 +12 1 12/2 12/2 12/2 12/2 12/2	2500 Regioni R 235 235 235 -5 2080 ConBath \$241, 240, 1600 Relimien A 6 \$35 35 35 12561 DomTxtA \$205, 2014
	FRANCE	Selpem 5,605 —295 9nle BPD 5,090 +195	do.(Part Certs) : 9,670 10 Credit 2ulase 3,730 40	June 4 Price + or Yen —	Yasuda Fire 650 1 -2 SINGAPORE	8500 Carrior 8121, 121, 121, 121, 11800 Infl Thora 8111, 11 1114 +1	
	Frs	NETHERLANDS	Fischer (Geo.) 1,220 -50 Heff-Roche PtCts 114,625 +125 Heff-Roche 1/18 11,400 -72 Jacobs Suchard. 7,800 -25	All Mippen Air. 1,010 —10 Aips Electric 2,120 —10 Asshi Chem 259 +7 Asshi Olass 1,230	June 4 Price + or	8500 Cardor 8129 229 129 170 1800 km Thoma 8114 11 119 14 14 150 170 170 170 170 170 170 170 170 170 17	114642 Royal Brit \$324 81% 31% - 9 900 RollandA \$305 30 13750 Reference A \$301 308 308 - 1 48227 Royal Bank \$33 316
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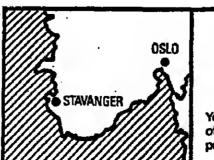
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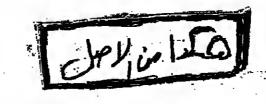
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Continued on Page 39

Nasdaq national market, 2.30pm prices

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MADRID

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

Rate hopes dampened by bankers

A WARNING note on inflation and interest rates from the meeting of central bankers in Boston sent Wall Street markets spiralling downwards yesterday,

writes Terry Byland in New York.
The stock market opened firmly but plunged sharply as bond market yields surged towards the 8 per cent range last seen in the middle of March.

Mr Paul Volcker, the Fed chairman, renortedly warned the Boston conference that US inflation levels remain under threat from trends in oil prices and wage levels. His words were apparently echoed by central bankers from Europe and Japan, who saw little scope for further falls in interest rates at present.

Wall Street interpreted these views as bearish for prospects for any easing in official credit policies. By midsession, yields on long-dated bonds bad soared to 7.97 per cent, their highest since the bold market changed direction three months ago. However, bond prices tried to steady when crude oil futures fell shaply on the New York Mercantile Ex-

Affpm the Dow Jones industrial average vas down 11.71 at 1,858.72.

Tokyo

New Stock Exchange Jan 4, 1968 - 100

1981 1982 1983

STOCK MIKET INDICES

1,870.43 1,310.93

651.88

163.78

190.04

Year ago

1,017.1

1,336.6 634 66

696.02

444.3

797.88

188.02

Prev

245.51

602.2

89.80

3.33

16.802.75 16.669, 12,583.3 1,304.38 1,302.5 991.17

519.6 \$15.9

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3.608.81 3.618.52 2,371.1

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627.72 628.93 457.73

790.10 820 88 302.77

281 70 283.2

353.38 352 08

693.25 695.31

181.53 184.04

316.8 3148

June 4 342 55p

£1.853.50

S11 95

June 4 \$341 45 \$340.85

\$343 38

S341 80

564 20

COMMODITIES

GOLD (per ounce)

1,227 0 1,161 4

2,42675 2,373.78 1 347 00

571.0

1.037.1 963.0

435.8

Yearago

Prev 343.85p

£934.50

S12.70

\$341.75 \$342.35

\$341 30

\$341.90

€1.882.50

1894 90 1.901 5 1,344 2

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869.08

150End morth house

1300

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NEW YORK

DJ Industrials

DJ Transport

S&P Composite 243.5

DJ Utilities

FT Ord FT-SE 100

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AUSTRALIA

AUSTRIA

BELGIUM

CANADA

Portfolio

DENMARK

FRANCE

CAC Gen Ind. Tendance

WEST GERMANY

FAZ-Aktien

HONG KONG

ITALY

NORWAY

Oslo SE

SINGAPORE

SOUTH AFRICA

JSE Golds JSE Industrials

Madrid SE

SWITZERLAND

Swiss Bank Ind

MS Capital Int'l

Silver (spot fixing)

Copper (cash) Coffee (July)

Oil (Brent blend)

London

Zünch

Luxemboura

SWEDEN

J&P

WORLD

SPAIN

Hang Seng

Banca Comm.

NETHERLANDS

ANP-CBS Gen

ANP-CBS Ind

Belgian SE

Metals & Mina

Credit Aktien

Metals & Minis

FT-A All-share

FT Gold mines

FT-A Long gilt

LONDON

Stock market turnover increased as the surge in bond yields triggered programmed selling of blue-chip stocks. Buyers backed away, leaving prices to react to the generally nervous mood.

A further blow to the market came from IBM, which fell \$3% to \$149% in hefty selling as worries over the outlook for second-quarter earnings resurfaced. Also clouding the marketplace were poor sales figures from the Detroit car manufacturers. General Motors lost \$11/4 to \$77%, Ford \$1% to \$53% and Chrysler \$35 to \$35%

Approval by the US Food and Drug Administration for commercial sale of interferon, the anti-cancer drug, enlivened the pharmaceutical sector. Schering-Plough, already producing the drug, gained S% to S75%. While oo the overthe-counter markets. Genentech, which has collaborated in Inteferon Development with Hoffmann-La Roche, gained \$25: to \$83%, and Biogen, similarly linked with Schering-Plough, added \$1

A \$1.6bn order from Cathay Pacific for its 747 Aircraft boosted Boeing 5% to \$57%. Other Aerospace defence issues looked mixed as the Senate began debating the new tax reform bill. General Dynamics fell \$114 to \$79%.

Renewed worries over interest rates failed to stem a recovery in insurance issues from the setback reflecting Florida's plan to reduce premiums. Aetna climbed \$1% to \$81% in heavy turnover.

Banks stocks, too, were little affected by another surge in short-term and mon-

ey market rates. Citicorp added 5% to \$47%, and Chase Manbattan at \$42 lost only \$% of recent strength.

FT-Ordinary Share Inde

CURRENCIES

2.274 171.55 7.24 1.879

2.557

1,560 46.45

1.3935

INTEREST RATES

US BONDS

Price Yield

99/12 7.607

931%: 8.368

95%

Sourc. Harns Trust Savings Bank

10.30 14.02 14:92 168,7

8.289

921% 7.924 93

Day's

-025

-101

Yield

US DOLLAR

June 4 Previous

1900

∄1850

1800

1250

STERLING

June 4. Previous

1.4835 1.4935

3.38 3.395 254.25 256.25 10.76 18.8175 2.795 2.805

2.0655 2.0785

2.313

68.9

3.8175

69.35

74.4

71/4 6.875 6.58

8.177

Day's

+ 0.18

+0.18

÷0.11

+0.23

Price Yield

90 672

106 8.04

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9.37

Price

952402

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Yield

8 27

8.12

7.71

8.40

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99% 7.52

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1985

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2.278

171.35

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(3-month offered rate)

3-month USS

US Fed Funds US3-month CDs US3-month T-bills

1933

1996

tyearst

15-30

AT & T

3% July 1990

10% Jan 1993

Phibro-Sal

TRW

Arco

8 April 1995

9% March 2018

General Motors

9% March 2016

CHICAGO

8% 32nds of 100%

S1m points of 100°:

S1m points of 100%

20-year Notional Gift

£50,000 32nds of 100 to

Latest available toures

LONDON

Source Salomon Brothers

US Treasury Bonds (CBT)

US Treasury Bills (IMM)

Certificates of Deposit (IMM)

FINANCIAL FUTURES

Latest How

US Treatury S1m points of 100% 93 49 93 62 93 48 93.51

91-14 94-08 91-07 93-14

93.18 93.20 93.18 93.22

92.87 92.94 92.83 92.88

123-03 123-24 123-00 123-04

81% April 2016

Source: Merrill Lynd,

8% March 1996 100,953

1,569

A jump of 2.9 per cent in gasoline stockpiles lowered crude oil futures and also stocks in the oil companies. Exxon dioped \$1 to \$59%, Atlantic Richfield \$1% to \$53% and Chevron \$% to \$40.

But airline issues drew no benefit from the downturn in oil futures. United at \$57% lost \$1 and American was \$% off at \$57%.

Other features included United Jersey Banks, down \$3% at \$43% on its move to acquire Commercial Bancshares, up \$2% at \$57%. Brokerage recommendation lifted Maytag, the washing machine manufacturer, up \$1% to \$48% and RJR Nabisco \$% to \$48%.

The credit markets sagged heavily as the session progressed. Treasury bill rates gained 13 basis points, putting three-month rates at 8.52 per cent as any remaining hopes for a cut in the federal discount rate fled out of the window.

Losses in bonds were extended to nearly two points, with the longer dates taking the most punishment as fears of inflation were revived.

LONDON

Fund-raising moves fail to hinder

MARKET SENTIMENT continued to firm in London yesterday despite the counter-attraction of the Epsom Derby which obviously restrained both attendance and business.

Confirmation of the deal between Dee

Corporation and Associated British Foods left the former 7p lower at 245p and the latter 12p down at 334p.

Cash resources were also tested by

Hanson Trust which placed 10m shares with some UK and US institutions. Therefore few funds were available for investment in other blue chips except for Reed International which rose on excellent annual profits. It ended up 78p at

922p.
The FT Ordinary share index edged 0.2 higher at 1,320.6.
Gilts bounded initially but eased slightly to end around 4 higher on the

day.

Chief price changes, Page 39, Details, Page 38: Share information service, Pages 36-37

AUSTRALIA

MINING AND resource issues responded to the weaker local dollar to pull Sydney out of the trough of the past two sessions. Prices turned higher across the board as investors snapped up what they considered to be bargain prices stocks.

Golds gained from news that the right-wing of NSW's ruling Labour Party was opposed to a gold tax. Both Kidston and Central Norseman advanced 30 cents to A55.90 and A57.40 respectively while Emperor added 10 cents to AS3.15 and Sons of Gwalia gained 15 cents to

Pioneer Concrete shed 5 cents to A\$2.80 after placing A\$79m in shares while its suitor, FAI Insurances, added 14 cents to A\$6.70.

HONG KONG

THE LOWER TREND continued in Hong Kong yesterday in the absence of any fresh factors. The Hang Seng index drifted 1.24 lower to 1,756.67 and the Hong Kong index eased 0.18 to 1,094.17. Cathay Pacific succumbed to technical

selling and fell back 5 cents to HK\$5.60. Further speculation that Cable & Wireless may take a stake in Hongkong Telephone pushed the utility 10 cents higher to HK\$11.80.

Elsewhere among utilities. China Light eased 10 cents to HK\$15.70 and Hongkong Electric 5 cents to HK\$8.90.

SINGAPORE

SOME EARLY profit-taking was countered by late buying in Singapore and prices ended mostly mixed. Singapore Airlines was one of the

most active stocks. The issue ended unchanged at SS8.75. In other actives, Cold Storage rose 14 cents to SS3.96, Jack Chai-MPH adv-

anced 17 ceots to SS1.22 and Haw Par arided 3 cents to SS2.68. Fraser & Neave gave up 10 cents to SS6.70, National Iron 6 cents to SS3.46,

Inchcage 8 cents to SS1.77 and Rothmans 18 cents to SS3.98. Among banks. OCBC gained 15 cents to S\$7.00, DBS 5 cents to S\$6.10

SOUTH AFRICA

THE RAND continued to weaken and, combined with a firmer bullion price, most gold issues rose in Johannesburg yesterday.

Randfontein added R8 to its R10 rise of the previous session to end at R278 and Kinross added R2 to R45. Driefontein gained R1.25 to R58.50 and Buffels put on R2.50 to R80.

CANADA

THE DECLINE in Toronto continued in

step with Wall Street... Royal Bank of Canada, which reported higher second-quarter profit and increased its full-year loan loss estimate to CS950m from CS800m, eased CS4 to

Banks were slightly higher in a mostly easier Montreal.

Stockholm climbs to fresh peak

THE FRESH peak attained in Sweden yesterday proved to be one of the few positive features in a weaker and more cautious Europe.

Stockholm sprinted to another high in heavy volume amid market speculation that changes to the capital gains tax re-gime were imminent. The Veckans Af-farer All Share index firmed a further 7.2 to a record 828.7.

Electrolux returned to the top of the active list with a SKr 2 gain to SKr 281 following yesterday's SKr 2bn international stock issue in Europe. North America and the Far East.
Volvo was also active but moved

against the trend with its SKr 2 fall to SKr 430 in a mild bout of profit-taking. Asea registered a healthy SKr 6 gain to SKr 362, while Ericsson finished SKr

5 bigber at SKr 270. Fermenta added SKr 1 to SKr 187, while Pharmacia lost SKr 2 to SKr 221. Frankfurt met with a beady dose of late bargain hunting after Tuesday's sharp fall. The midsession calculation of the Commerzbank index - down 8.7 to 1,894.9 - did not reflect the afternoon strength.

Some brokers now feel that the market bas found a new support level, although unease persists over the June 15 elections in Lower Saxony where the ruling Christian Democratic Party is likely to meet stiff resistance.

The Government's creation of a new environment ministry - partly as a re-sult of the Chernobyl disaster and as defence against criticism from the environmentalist Green party - was well received and utilities made broad gains. Veba added DM 9.20 to DM 280, RWE advanced DM 6 to DM 226, while VEW closed DM 2 stronger at DM 161.

Daimler managed a partial recovery from Tuesday's sharp decline with a DM 26 rise to DM 1.310, while Porsche gained DM 20 to DM 1.050.

Volkswagen, which is renegotiating its truck joint venture with MAN, slipped DM 1 to DM 537.

The bond market found inspiration from the overnight surge in the US credit markets. Longs added up to % of a point with the decline of the dollar underpinning sentiment. Both tranches of the new federal loan stock added 25 ba-sis points to 97.25 and 98.25, respective-

ly, while the 6 per cent 1998 stock added 55 basis points to 100.05. The Bundesbank bought a hefty DM 105m worth of domestic paper after buy-

ing DM 34.3m on Tuesday.

Amsterdam was mixed in moderate turnover. Internationals regained some confidence as Royal Dutch added Fl 2.40 to Fl 198.80 and Hoogovens firmed Fl 1.60 to Fl 114. Philips continued weaker with its 80-cent decline to FI 56.10 and KLM dipped 40 cents to Fl 50.80.

Akzo, which announced the purchase of a UK chemical group, edged 10 cents lower to Fl 172.20, while aerospace group Fokker firmed Fl 1.30 to Fl 90.50. German demand was evident for Nedlloyd, which left the shipping group

Fl 7 higher at Fl 170. Insurers were firm with Stad Rotterdam jumping Fl 4.50 to Fl 133.50 on its recent better-than-expected first-quarter

Paris was still in the grip of a technical correction which left the broad market 2.17 per cent lower. Valeo fell FFr 11.50 to FFr 496.50 amid the De Benedet-

ti management moves. Brussels turned lower with utilities weak. Holding group Société Générale de Belgique lost BFr 20 to BFr 2,930

Zurich was easier with the weaker dollar and stop-loss selling depressing.

the broad market Milan fell with technical factors forcing the BCI index 3.9 per cent lower.

Oslo steaded with a 50 cent rise for Norsk Hydro at NKr 157.50 as Kvaerner slipped NKr 2.50 to NKr 133. Madrid was lower in quiet trading

TOKYO

sues unchanged.

Institutions spur rise to record

INSTITUTIONAL investors and speculators bought large capital issues to seek gains in Tokyo yesterday and the Nikkei average rallied to an all-time high, writes Shigeo Nishiwaki of Jiji Press.

The indicator leaped 133.21 to a record 16,802.75 in hectic trading of 1.175m shares compared with Tuesday's 834m. Gains led losses 447 to 419, with 119 is-

Stocks sought for capital gains the top four positions on the active Kawasaki Steel was the busiest 130.02m sbares, adding Y10 to Y18 lowed by Nippon Steel with 12, which rose Y5 to Y180. Nippon k went up Y8 to Y152 on the third he trading of 44.86m shares and Isbik: ma-Harima Heavy Industries Y Y228, placing fourth with 37.67m.

Some biotechnology-related s continued attracting investor into Kuraray, whose new anti-cancer will be put into clinical experin abortly, spurted Y80 to Y2,150, while owa Hakko soared Y100 to Y1,930.

Milk Products jumped Y70 to Y890, I Brewery Y80 to Y1,520 and Ajino: Y80 to Y1,970.

The yen's firmness pushed down a blue chips. Matsushita Electric Indu al lost Y30 to Y1.530 and Toyota M. shed Y30 to Y1,520. However, expe tions of brisk demand for a newly de oped throw-away camera pushed up Photo Film Y220 to Y2,900. Oki Elecalso climbed Y27 to Y798.

Investors bought some car parts n ers in the wake of a report that pl and equipment investment by 11 makers for the current fiscal year wo total Y980bn, which would be an all-ti high for the second consecutive year. sin Seiki closed at Y1,090, advanc Y94, while Yaskawa Electric finis! Y13 higher at Y527.

Reflecting the Government's moves work out an overall development p for the Tokyo Bay area, issues with m sive real estate holdings there drew pularity. Nichirei increased Y19 to Y7 Onodo Cement Y23 to Y473 and Nipp Suisan Y15 to Y460.

. Constructions and other issues ber: iting from domestic demand expansi-eased along with financial and ins

ance stocks. Dealers bought government bond it tures in the wake of the first rally in t sessions in the New York bond mark overnight. The cash bond market firm

as well. The yield on the benchmark 8.2 r cent government bond due in July 124 slipped below 5 per cent to 4.945 per ce; against Tuesday's 5.055 per cent at that on the 5.1 per cent governme, bond maturing in March 1996 fell fre, 5.240 per cent to 5.010 per cent

The bond price gain was unexpectby many market participants. There widespread doubt that buy orders w be sufficient to meet the massive sellit anticipated to follow if yields drop to ti expected levels of 4.9 per cent for the (per cent bond and 5.0 per cent for the 15 per cent bond.

